IMPACT OF TRADE POLICIES ON SMEs' BUSINESS RELATIONSHIPS IN THE NIGERIAN TEXTILE INDUSTRY: A SHARED VALUE APPROACH

By

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I dedicate this thesis to my parents Mr. and Mrs. J. Pessu whose fervent prayers and emotional support kept me going through tough times.

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Abstract

There is a perception that the development of SMEs' and their role as engines of socioeconomic growth in developing countries like Nigeria is being constrained by changes in international trading systems of goods and services. It is believed that SMEs' competitive abilities are being restricted by the impact of international trade policy on liberalised markets. This is a particular issue in the Nigerian textile industry were at its peak, and before the impact of liberal policies, the Nigerian textile industry was the third largest in Africa; it was the second largest employer of labour after the government, contributed immensely to the GDP of the country, and was an important source of revenue to the government. However, from the 1990s, the Nigerian textile industry started experiencing some challenges often linked to trade liberalisation policy under the General Agreement on Tariffs and Trade/World Trade Organisation (GATT/WTO). This placed SMEs' textile fabric manufacturing firms under immense pressure to attain long-term sustainability while creating social and economic value in their operative environments as these challenges led to the loss of competitiveness, collaborative abilities in inter-organisational relationships, and closure of numerous SMEs' textile fabric-manufacturing firms across the country. Given the potential impact of these challenges on SMEs' competitive and collaborative abilities; this research examines what constitutes SMEs' in the country's textile industry, the issues they face as a result of trade policies; how these issues impact on their productivity and competitiveness; and finally, areas of collaborative partnership between SMEs' and key inter-organisational stakeholders in the industry.

Literature around business relationship and value creation was examined, but found to be deficient because it failed to yield insight into the role of multiple actors such as stakeholders in SMEs' inter-organisational relationship. Hence, the research drew on the theoretical foundation of creating shared value (CSV), which embodies the principles of business relationship, value creation and reflects the roles of multiple actors in inter-organisational relationships. In addition, CSV was adopted as the theoretical underpinning of this study because it aligns with the research objective. This approach also allies with the growing body of literature suggesting that SMEs' survival and prosperity are reliant on their business networks and relationships in and out of their value chain in order to adapt and respond to competitive pressures from the global business environment and simultaneously create socioeconomic value. Given the shared value perspective of this research, the study was examined from multiple stakeholders' perspectives in the Nigerian textile industry and informed by a qualitative mode of inquiry and case study research strategy. In-depth case studies were employed because it is useful in areas where little or no research has been

done, as is the case of this research from a developing country's perspective. Data was collected using semi-structured in-depth interviews.

In terms of the research questions, the findings from the first research question indicate that there is no shared consensus on what constitutes an SME in the Nigerian textile industry. In addition, the study found that the implementation of international and regional trade policies in Nigeria did not take into account the relevance of a shared value perspective. Thus, the absence of efficient, supportive and measurable policies such as; macroeconomic, trade-related infrastructure and institutional policies led to inconsistent banning and unbanning of textile fabrics, the influx of textiles, and high production cost in the Nigerian textile industry. Findings from the second research question show that macroeconomic, trade-related infrastructure and institutional policy issues identified in research question one led to the loss of market share and textile manufacturing firms and massive unemployment. The outcome of which led to low patronage of locally manufactured fabrics and changes in buyer behaviour which had a huge impact on SMEs' productivity and competitiveness in the Nigerian textile industry.

Findings from the third research question identified some elements of collaboration between SMEs' and some inter-organisational stakeholders in areas of value co-creation with customers; collaboration between educational institutions and the industry in areas of innovation and knowledge transfer that previously existed; and areas of collaborative planning and outcomes between the government and practitioners in the Nigerian textile industry. However, these collaborative efforts have yielded little or no result due to the lack of shared understanding and values among key stakeholders in the industry. Hence, the central findings suggest that the lack of shared values between key inter-organisational stakeholders immensely contributed to current issues facing SMEs' in the Nigerian textile industry. Based on these findings, the study reveals that it is difficult for firms to compete and operate efficiently in an unfavourable business environment. Therefore, SMEs' operating in the Nigerian textile industry will have to engage in a collaborative relationship with key stakeholders in and out of the textile value chain in order to co-create shared value efficiently.

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List of Abbreviations and Acronyms

ATC	Agreement on Textiles and Clothing
BoI	Bank of Industry
CBN	Central Bank of Nigeria
CET	Common External Tariff
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
ECOWAS	Economic Community of West African States
EEG	Export Expansion Grants
EPA	Economic Partnership Agreements
ETLS	ECOWAS Trade Liberalisation Scheme
GATT	General Agreement on Tariffs and Trade
G-D Logic	Goods Dominant Logic
GDP	Gross Domestic Product
IMF	International Monetary Fund
IMP	Industrial Marketing and Purchasing Group
ISI	Import Substitution Industrialisation
LCCI	Lagos Chambers of Commerce and Industry
LTA	Long Term Agreement
MAN	Manufacturers Association of Nigeria
MFA	Multi-fibre Agreement
NEDEP	National Enterprise Development Programme
NGOs	Non-Governmental Organisations
NIRP	Nigeria Industrial Revolution Plan
NLC	Nigeria Labour Congress
NTGTEA	Nigerian Textile, Garment and Tailoring Employers Association
NTMA	Nigerian Textile Manufacturers Association
NUTGTWN	National Union of Textile, Garment and Tailoring Workers of Nigeria
OECD	Organisation for Economic Cooperation and Development
SAP	Structural Adjustment Programme
SET	Social Exchange Theory
S-D Logic	Service Dominant Logic
STA	Short Term Agreement
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SMEs'	Small and Medium Enterprises
SMIEIS	Small and Medium Industries Equity Investment Scheme

TGTSSAN	Textile, Garments & Tailoring Senior Staffs Association of Nigeria
US	United States
VER	Voluntary Export Restraint
WTO	World Trade Organisation

CHAPTER ONE: INTRODUCTION

1.1 Chapter Overview

This chapter introduces the research to be undertaken. It presents a background of the study, the research rationale, objective and questions. It establishes the relationship between economic liberalisation and the impact on Small and Medium Enterprises (SMEs') competitiveness in developing countries. In doing so, emphasis is placed on the main focus of the research, which is to examine the impact of trade policies on SMEs' inter-organisational relationships in the Nigerian textile industry. Lastly, the structure of the thesis is outlined.

1.2 Background of Study

Today's business environment has become highly competitive and challenging due to technological advancements and changes in international trade policies under the General Agreement on Tariffs and Trade and World Trade Organisation (GATT/WTO), International Monetary Fund (IMF) and World Bank. This has led to changes in international trading systems of goods and services and constraints in firms' inter-organisational relationships especially in developing countries like Nigeria. As a result, firms are faced with the fundamental task of attaining a long-term sustainable competitive advantage. They are being urged to identify and integrate key stakeholders and value chain partners into their core business practices in order to co-create shared value for business and society (Ilyas et al., 2006; Pfitzer et al., 2013). In response to these competitive pressures, most firms have started integrating more partners into their business operations as part of business strategy in order to enhance their competitive position. However, empirical studies show that most of these firms, especially SMEs' operating in developing countries such as the textile industry in Nigeria are faced with issues arising from their domestic business environment, which has hindered their ability to gain and sustain long-term competitiveness. Govori (2013) claims that the major challenges faced by SMEs' arise from their external macroeconomic environment and these include factors such as government policies, access to finance, corruption, and competition. These challenges are being triggered by economic liberalisation, which has diminished SMEs' competitiveness and abilities to effectively contribute to sustainable development in their domestic business environment (Meers and Robertson, 2007; Banham, 2010). The success of every business is dependent on the ability to adapt to all factors beyond control in their business environment which is influenced by economic liberalisation such as competitors, government, customers, social, political, legal and technological (Banham, 2010; Oluremi and Gbenga, 2011).

Porter (1980) suggests that in order to be successful, firms should analyse their business environment and draw up strategies that will be beneficial in achieving sustainable competitive advantage in their competitive operating environment. Over the years, the issue of sustainable economic development by SMEs' in developing countries such as Nigeria has drawn the attention of International organisations and Non-Governmental Organisations (NGOs). This is because unlike developed countries where governments encourage the growth of SMEs' through the formulations of favourable policies, loans, skills acquisitions, and programmes; the government of many developing countries fails to appropriately consider the challenges faced by SMEs' through the formulations of favourable policies, rather they give priority to larger enterprises (Onugu, 2005). In the case of Nigeria, there have been series of economic reforms aimed at the socioeconomic development of the country; for instance, over the years, various arms of governments and administrations have undertaken numerous development policies and programmes for economic growth and these policies have solely been in favour of large enterprises. Table 1 provides a summary of selected key policies.

Table 1 Nigeria Economic Policies since Independence

Reform	Year	Overview
National Development Plan- Import substitution industrialisation (ISI)	1962 – 1968	To mobilise national economic resources with the aim of deploying them on a cost - benefit basis among contending projects for Industrial development.
The second National Development Plan	1970 – 1974	To address the limitations of the ISI, with more focus on upgrading the local production of goods for export market.
The Indigenisation of Enterprises Act	1972	This was later amended and replaced with the indigenisation policy.
Indigenisation policy	1977	The transfer of ownership and control of enterprises from foreign owned to Nigerians (i.e. 95 percent Nigerian ownership and 5 percent foreign).
The Third National Development Plan	1975 – 1980	Occurred during the oil boom. This was on public sector investment in industries especially that of heavy duties.
The Fourth National Development Plan	1981 – 1985	Occurred during the economic recession with Nigeria's balance of payment, foreign exchange earnings and unemployment. The manufacturing sector in the country was seriously affected.
The Structural Adjustment Programme (SAP)	1986	SAP was aimed at addressing weaknesses in the development plan of the country such as; Encouraging the use of local raw materials rather than imported ones, promote investment, promote the development of Nigeria's industrial sector, and increase the non-oil exports, development of the private sector.
The National Science and Technology Policy	1986	The policy was aimed at increasing the awareness of science and technology and their role in economic development. It also encouraged the transfer of foreign technology to local firms through licensing and registration of patents, trademarks, technical assistance arrangements, research and development, training, and operations.
The Trade and Financial Liberalisation Policy	1989	The policy was aimed at stimulating competition among local firms and foreign firms through the reduction of tariff and non-tariff barriers.
The National Economic Empowerment and Development Strategy (NEEDS)	2004	Aimed at socioeconomic development strategies for the country, poverty alleviation and value recreation.
Nigeria's Vision 2010	2010	The aim of the vision 2010 was to transform the country by the year 2010, through the development of the private sector and enhancing their competitiveness.

Author's Compilation

These economic policies were aimed at addressing socioeconomic issues and industrial development of various sectors through diversification, employment generation, and internationalisation of the economy and creation of competitive but stable economy. However, none of these policies focused mainly on the development of SMEs' in the country. For instance, the trade and financial liberalisation policy of 1989, which was aimed at stimulating competition among local firms and foreign firms through the reduction of tariff and non-tariff barriers, have till-date impacted negatively on SMEs' survival in the country. The policy on liberalised markets created intense competition in SMEs' due to the importation of finished products by large enterprises that had easy access to finance (Obokoh, 2008a). In view of the challenges faced by SMEs' in Nigeria, the Federal Government established the Nigeria Industrial Revolution Plan (NIRP) and National Enterprise Development Programme (NEDEP) in

2011 aimed at introducing a new era of industrial SME development in the country. The goal of the NIRP was to increase the contribution of the manufacturing sector in order to boost the annual revenue earnings of Nigerian manufacturers.

A further aim was to address physical constraints that consistently inhibit the growth of manufacturing by building industrial infrastructure, prioritise power for industrial use, reduce borrowing cost, build industrial skills, improve the country's investment climate, raise the standard of products, link innovation to the industry and to ensure local patronage of made in Nigeria goods (FMITI, 2011). On the other hand, the NEDEP aimed to reposition the SMEs' sector as the major driver of job creation and economic growth and to promote patronage of made in Nigeria products through the implementation of its local patronage policies and programmes (FMITI, 2011). Other efforts made by the government to ensure that SMEs' contribute to the socioeconomic growth of the country includes intervention schemes; the introduction of trade barriers such as import bans aimed at protecting local industries from foreign competitions; the creation of Export Processing Zone (EPZ) and other fiscal and monetary policies. Also, the establishment of other governmental organisations such as Raw Material Research and Development Council (RMRDC), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) amongst others. Despite the efforts made by the government to support these SMEs' in the country, they have performed below expectation due to socioeconomic issues such as unstable political environment, poor articulation and implementation of policies and the associated effect of economic liberalisation (Onugu, 2005; Fatai, 2011; Effoduh, 2014). In order to adapt to external pressure and remain competitive, Hart and Milstein (2003) submit that addressing the challenges associated with firms' sustainability through the right set of business lenses can assist in identifying strategies that can contribute to their long-term sustainability and simultaneously drive socioeconomic value creation.

1.3 Research Rationale

There is a limitation in empirical research on the impact of trade policies on SMEs' business relationships in developing countries like Nigeria, the challenges they face because of these policies and strategies for overcoming them. This paucity is somewhat troubling given that SMEs' are recognised worldwide as the drivers of socioeconomic growth and development. They contribute significantly to the development of nations through job creation, higher production volumes and greater utilisation of local raw materials, gross domestic product (GDP) and gross national income (GNI), poverty reduction and improved standard of living, increased exports, innovation and entrepreneurship skills (Chibundu, 2006; Bashir, 2008; Bashir, 2009; Fatai, 2011). In Nigeria, about 95 percent of firms operating in the manufacturing sector are recorded as SMEs' and they account for more than 60 percent of the country's GDP (Odeyemi, 2003; Udechukwu, 2003; Motilewa et al., 2015), employs about 50 percent of the country's workforce and contribute almost 50 percent to industrial output (Ihua, 2009). However, in recent years, there have been concerns that SMEs' contribution to socioeconomic development is being constrained due to the impact of trade openness. It is believed that trade openness has created an open market for international trade and challenges for SMEs' operating in developing countries. These challenges have been an issue of concern, especially for SMEs' fabric manufacturers operating in the Nigerian textile industry who are under immense pressure to sustain their competitiveness in domestic markets due to global competition and simultaneously create value for their customers and the society.

There is limited understanding on how firms can simultaneously co-create value in business literature. Most research on business relationships has been focused on the creation of value from one perspective of the dyad instead of multiple perspectives (Joshi and Stump, 1999; Ulaga and Eggert, 2006; Vargo et al., 2008). That is, most research on value creation in industrial marketing focuses only on customer value; for instance, the relationship between firms and business customers' like wholesalers and retailers in the value chain. These studies have focused mainly on three areas of value from the customers' perspective: customers' perceived value, changes in customer perceived value and techniques and measurements for assessing customer perceived value (Walter et al., 2001; Ulaga, 2003; Ulaga and Eggert, 2005; Corsaro and Snehota, 2010). Supplier's perception of value and the role of other stakeholders in the process of value creation have attracted very little research. Walter et al (2001) note that the reason behind such concentration is due to the assumption that the success of supplier firms is dependent on the amount of value they offer their customers compared to their competitors. Furthermore, in today's market, customers' are being viewed as the key to competitive advantage. In other words, firms can gain product ideas, technologies, and market access amongst countless others from their customers and many business literature has widely discussed the importance of value creation in business relationships (Anderson et al., 1994; Ravald and Gronroos, 1996; Sheth and Sharma, 1997; Walter, 2001). Despite the emphasis made on the importance of value creation in business relationships, Walter et al (2001) explain that there is still a gap in the literature; they noted that in business literature, there is a high concentration on profit as value at the expense of other possible contributions that relationship can make. Thus, it is difficult to evaluate value creation in business relationships and how it is created (Anderson, 1995; Walter et al., 2001; Ulaga, 2003). This leads to the research objective of this study.

1.4 Research Objective and Questions

The overarching objective of this research is to examine the impact of trade policies on SMEs' inter-organisational relationships in the Nigerian textile industry. The study focuses on fabric manufacturers and key stakeholders in the Nigerian textile industry. The aim is to address these issues with a business for development approach through partnership and collaboration. In doing so, this study looks to explore how the principles of CSV can be incorporated into the Nigerian textile industry through collaborative partnership between SMEs' and key stakeholders for long-term sustainable growth and development. To achieve the purpose of this study, the overarching objective is therefore broken into three main questions: (1) What constitutes an SME in the Nigerian textile industry and what key issues do they face as a result of trade policies? (2) What is the impact of trade related policies on SMEs' productivity and competitiveness in the Nigerian textile industry? and (3) What are the areas of collaborative partnership between SMEs', and its key inter-organisational stakeholders in the Nigerian textile industry?

I. What constitutes an SME in the Nigerian textile industry and what key issues do they face as a result of trade policies?

SMEs' are a major contributor to socioeconomic development in both developed and developing countries. Similar to developed countries like Canada and the United States where SMEs' employ 59 and 46 percent of the workforce (Industry Canada, 2005; Yunke et al., 2008), the observations from developing regions are no different. SMEs' represent over 90 percent of private businesses and contribute to more than 50 percent of employment and of Gross domestic product (GDP) in most African countries. For instance, in South Africa, it is estimated that 91 percent of formal business entities are SMEs' and they contribute between 52 to 57 percent of the country's GDP and employs about 61 percent of the workforce (Bashir, 2008a).

Despite their contribution to socioeconomic growth and development, there is a complexity of what really constitutes an SME. Although, empirical studies indicate that the European Commission's (2003) definition of SMEs' (firms with staff strength between 10 to 250, with an annual turnover not exceeding €50 million (₦11. 1 billion) and balance sheet total not exceeding €43 million (₦9. 5 billion) (Exchange rate €1 = ₦222. 891, Oando Corporation 24/06/2015). Given the lack of shared consensus on what constitutes an SME, the employee base criteria are more standardised and widely accepted by researchers because it is based upon employment rather than a multiplicity of criteria and the definition recognises the differences between SME groups (Buculescu, 2013; Berisha and Pula, 2015). However, Storey (1994) argues that there is no single standard definition of SMEs' because they differ in their levels of capitalisation, sales, and employment. Hence, SMEs' definitions, which employ measures of size such as assets and employees base criteria, when applied to one sector, could lead to all firms being classified small, while the same size definition when applied to a different sector, might lead to a different result (Storey, 1994; Lkhagvasuren and Xuexi, 2014; Kanlisi et al., 2014; Igabanugo et al., 2016). In view of these contradictions, it is important to understand what constitutes an SME in the Nigerian textile industry in order to identify and address trade policy issues facing the sector.

II. What is the impact of trade related policies on SMEs' productivity and competitiveness in the Nigerian textile industry?

A firm's competitive advantage lies in its ability to create socioeconomic value more than their competitors through increased productivity and value-added products (UNCTAD, 2005; Kraja and Osmani, 2013). According to UNCTAD (2005), these abilities depend on the business environment, firm strategy and inter-organisational collaborations. In recent years, there have been concerns that SMEs' productivity and competitiveness is being constrained due to the impact of external economic forces of "international trade policies". It is believed that trade openness has created an open market for international trade as well as challenges for SMEs'. There is a perception that SMEs' located in developing countries are most affected by these challenges and according to OECD (2004), only a few numbers of SMEs' in developing world have been able to identify and address these challenges that impact on their productivity and competitiveness. Hence, in the context of this research, it is important to identify and understand the impact of these challenges on SMEs' productivity and competitiveness in the Nigerian textile industry.

III. What are the areas of collaborative partnership between SMEs', and its key inter-organisational stakeholders in the Nigerian textile industry?

Collaboration plays an important role in addressing economic, social and environmental issues affecting businesses. Kanter (1999) notes that partnership between business and society is becoming an important necessity for firms today due to continuous changes in the global competitive environment. Businesses today are now embracing collaborative partnerships with the society where they operate such as NGOs, the government, and countless others. Hence, numerous research has been carried out on collaboration in business environments, but none has focused on areas where SMEs' and their inter-organisational stakeholders can engage in collaborative partnerships leading to a sustainable competitive advantage in the Nigerian textile industry.

Thus, understanding these three questions will contribute towards achieving the research objective because currently, no study from the developing countries' perspective has attempted to address the issues posed by trade policies on SMEs' inter-organisational relationships in domestic markets. In addition, there is a gap in empirical research on how these inter-organisational relationships can be managed and sustained from multiple perspectives especially in developing countries (Kaunonen, 2010).

1.5 Structure of Thesis

This study is structured into seven chapters. Chapter One presents an introduction to the study to be undertaken. The chapter begins with an overview of the relationship between trade liberalisation and the impact on SMEs' inter-organisational relationships and competitiveness in domestic markets. The rationale for undertaking the research is discussed; the research objective and questions, and structure are also presented.

Chapter Two presents a literature review of the global textile industry and the trade policies governing the industry since its inception. Emphasis is also placed on the background of the Nigerian textile industry and trade policies; the impact of these policies on the industry is also presented. Considering the objective of this study is to address the impact of trade policies on SMEs' inter-organisational relationships within their business networks, this chapter also discusses the stages and construct of business relationships, the concept of relationship marketing and value creation. The justification for selecting the CSV framework as the theoretical cornerstone is discussed; it also highlights the importance of collaborative shared value creation and the benefits of shared value co-creation.

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Chapter Three discusses the research methodology used for the study. It focuses on the research paradigm, research approach, research strategy, research design, data collection and data analysis techniques employed in the study. Lastly, issues relating to the validity and reliability of this study are explored. Chapters Four, Five and Six present the findings, data analysis and discussion of the research study. The final chapter presents the conclusion and recommendations. The contributions of this study to business literature are presented alongside the research limitations and areas for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Chapter Overview

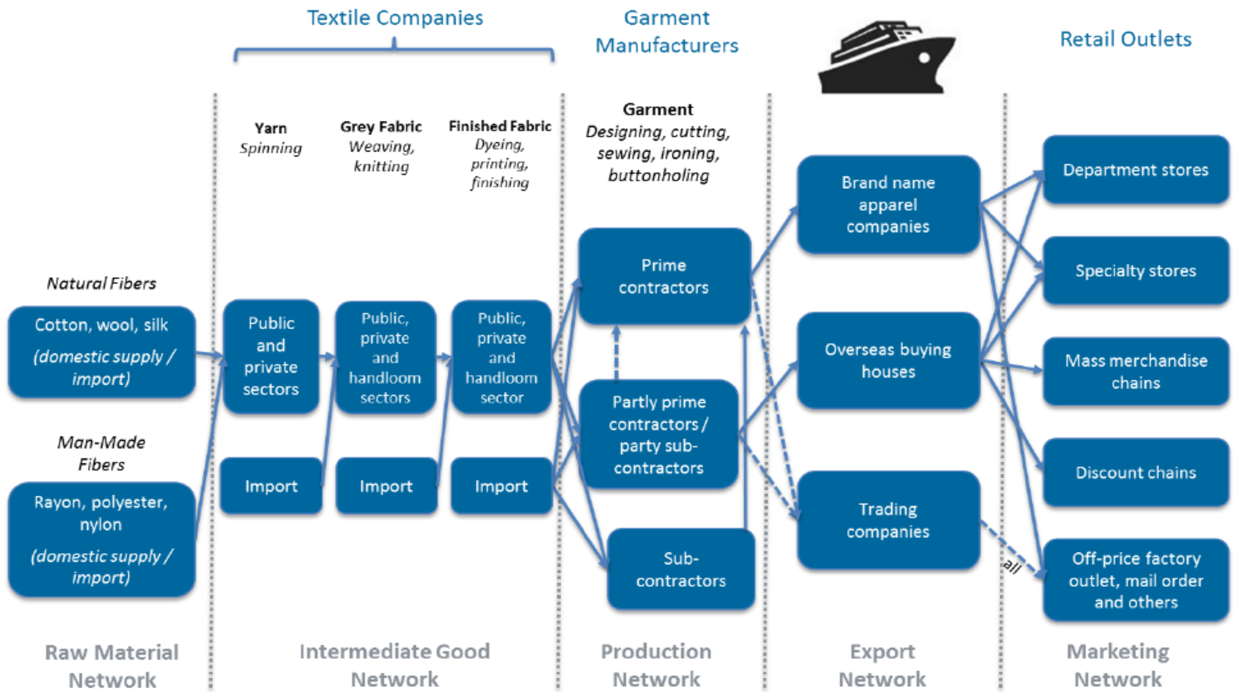
This chapter presents a review of both previous and current literature that forms the foundation for the study; it addresses key issues underlying the proposed research objective and questions. It is structured around three sections: Section 1 commences with a background review of the global textile industry and international trade policies governing the textile industry. It also examines the background of the Nigerian textile industry from pre-colonial to colonial and then to post-colonial era. Nigeria’s trade agreement after the phase-out of the Multi-Fibre Arrangement (MFA) is also discussed alongside the trade barriers and other issues in the textile industry over the years. Section 2 discusses and analyses the stages and construct of business relationships, the concept of relationship marketing and various schools of thought. It also examines frameworks and models in understanding the nature of relationships. The section also presents the concept of value, value creation and its role in business relationships. Lastly, Section 3 explores the concept and application of creating shared value (CSV) and its suitability as the theoretical underpinning of this study. It also discusses the importance of collaborative shared value creation and the benefits of shared value co-creation.

2.2 Background of the Global Textile Industry in the 21st Century

According to NCGE (2009), textile industry can be defined as the creation of fabric or cloth out of original fibres, using mechanical or chemical processes. This definition shows that it is a heterogeneous industry and to further explain the point, NCGE (2009) breaks it down into different categories: (1) fibre type (including natural fibres like cotton and wool, and synthetic fibres like nylon); (2) fabric production process (including using yarn in knitting or weaving, or using nonwoven processes); (3) fabric finishing process (including unfinished fabrics, coated fabrics, and a variety of other treatments); and (4) end product use (including apparel products as well as medical products, construction products, automotive products, and a host of other end uses). Similarly, Stengg (2001) adds that the textile industry is one made up of a number of different components that includes: (1) treatment of raw materials (such as the preparation or production of various textile fibres, and/or the manufacture of yarns from spinning) for the production of Natural fibres such as cotton, wool, silk, flax and jute and man-made fibres like cellulosic fibre (such as viscose); (2) synthetic fibres (organic fibres based on petrochemicals, such as polyester, nylon/polyamide, acrylic, polypropylene, among others); and (3) fibres from inorganic materials (such as glass, metal, carbon or ceramic) from which fabrics are transformed into the production of garments, knitted or woven made for the clothing industry, carpets and other textile floor coverings and home textiles (such as bed linen, table linen, toilet linen, kitchen linen, curtains, etc).

These definitions clearly illustrate the very diverse and heterogeneous nature of the industry, with its products serving the needs of virtually all elements of society. In addition to serving the needs of society, the industry relies heavily on a number of economic sectors including the agricultural sector for inputs to form natural fibres such as cotton or wool, and the chemical industry when it comes to a wide range of man-made fibres such as nylon and polyester (Stengg, 2001). The heterogeneous nature of the industry can also be seen in terms of its worth and contribution to development. Globally, the textile industry is worth $3 trillion, it plays an important role in economic and social development through its share of contribution to GDP, employment, and export-oriented trade. Its role in social and economic development can be determined by examining a generalised textile and clothing value chain as represented in Figure1.

Figure 1 The Textile and Clothing Value Chain

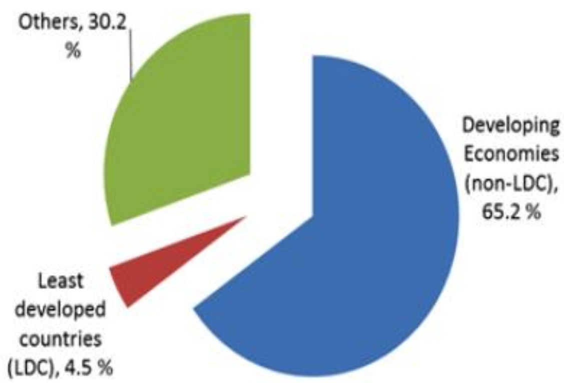


Source: Martin (2013)

The textile value chain begins with the basic raw materials which are fibres; man-made fibres or synthetic fibres and Natural fibres such as cotton, which is widely used for textile production with China, India and United States reported as the highest cotton producers in 2014/2015 (Statista, 2016). The cotton is then converted into yarn for spinning and weaving production, which involves dyeing, and finishing the fabric made from the yarn and then distribution.

Globally, textile trade has brought a range of benefits to several countries, especially the developed countries and some developing countries that have managed to take advantage. In developed countries, the textile industry plays a vital role in their economic development and industrialisation. According to More and Pawar (2013), textile production was the stepping stone to industrialisation and ensuing affluence of developed countries' which dates back to the 19th century. More recently, a significant part of the industry is dominated by developing countries' as a step on the industrialisation ladder, with SMEs' as major operators (Kim et al., 2006), and has been identified as a poverty reduction strategy as part of achieving developmental goals (Keane and Velde, 2008; Martin, 2013). In developing countries' such as Bangladesh, the textile industry accounts for almost 20 percent GDP, 80 percent of total export earnings and over 4 million direct jobs (Asian Development Bank, 2013). China's textile industry plays an important role in the national economy. China is the largest producer and exporter of textiles, the total output of China's textile industry accounted for over 7 percent of the country's GDP in 2011 (Martin, 2013; Serbanel, 2014). The dynamic nature of the textile industry is also reflected in China's clothing market, which is worth 20 percent ($27 billion) of global clothing sales (Martin, 2013). Other countries in Asia, Latin America, Eastern Europe and some parts of Africa (such as South Africa, Lesotho, and Madagascar) have gained the opportunity of national economic growth through exports. Developing countries as a group account for more than one and half of the world textile exports (Keane and Velde, 2008). In 2013, developing countries contributed about 65 percent of world exports of textiles, while least developed accounted for about 5 percent of the world textile exports and others, such as developed countries contributed 30 percent to the world textile export as represented in Figure 2 below.

Figure 2 Contributions of World Textile Exports



Source: Yi (2014)

Keane and Velde (2008) outline that there are a number of reasons why the textile industry has played such an important role in economic development. These are linked to its ability to absorb large numbers of unskilled labour mostly drawn from rural agricultural households in rural locations, the industry requires relatively low start-up investment, and expansion of the industry provides a base upon which to build capital for more technologically demanding activities in other industries. The growth of the industry allows imports of more advanced technologies to be financed through revenues gained from garment exports. However, studies on international trade highlight an imbalance in the system that disadvantage developing countries like Nigeria from successfully operating in the textile industry. In order to appreciate this imbalance and determine how it disadvantages countries like Nigeria, the next section presents a background of the Nigerian textile industry.

2.2.1 Background of the Nigerian Textile Industry

The Nigerian textile industry is one of the oldest and largest in the country (Onyeiwu, 1997; NUTGTWN, 2014). In pre-colonial times, cloth weaving was a major manufacturing activity in many Nigerian cities located in Northern and South-Western Nigeria and was mainly operated as small-scale largely by individual families. This involved the use of traditional methods of production for weaving and spinning made out of woods, handlooms caved out of wooden trunks or raffia palms. The process of weaving required the combined efforts of both men and women, while spinning was done mainly by women (Onyeiwu, 1997). The raw materials used for traditional weaving were primarily obtained from the local environment such as cotton, which was used in making traditional attires (such as aso-oke, adire, batik, and countless others) which met both local and international demand (Olutayo et al., 2011). During the 1900s, when Nigeria was colonised by the British, there was a large market for textiles in the country, especially in the Northern part of Nigeria, where the textile industry witnessed tremendous growth with cities like Kano producing more than 2 million rolls of clothes per year (Candotti, 2009). Onyeiwu (1997) observe that during the growth, the British textile industry sourced cotton from West Africa with their major supply from Nigeria and this led to the formation of the British Cotton Growing Association (BCGA) in 1902, aimed at encouraging the cultivation, improvement, and export of cotton from West Africa to Britain. By the 1950s, European textile firms such as David Whitehead and Sons of Lancashire dominated the Nigerian market. This led to the creation of the first textile mill in Nigeria (The Kaduna Textile Limited) in 1956 by David Whitehead and Sons of Lancashire in partnership with the Northern Nigerian Government (Nwabueze, 2009).

By 1964, Kaduna textile limited was operating at 1,200 looms and 50,000 spindles. The firm's output in 1966 amounted to 37 million metres of textile materials (Nwabueze, 2009). Kaduna was known as the textile city in Nigeria because it was mainly dominated by large textile mills, while the South-Western part of the country such as Lagos had mostly small textile firms with few big mills (NUTGTWN, 2014). In the 1960's, textiles became a leading substituting activity in the country which attracted more foreigners such as: Indians, Japanese, Chinese, Lebanese, and Syrians. This demonstrates that with time the Nigerian textile industry became increasingly foreign dominated, as foreigners either solely or partly owned most firms. The industry contributed immensely to the growth and development of the country despite it being foreign dominated (Awe, 2001). Between the 1970s and 1980s, more textile factories were established in the North and other parts of the country, for example, Lagos, Kaduna, Kano, Funtua, Gusau, Asaba, Aba and Port Harcourt among others (NUTGTWN, 2014). The industry had 100 major plants employing about 100,000 workers and with a solid raw material base in 1980 (Nwabueze, 2009). Anudu (2013) reports that in 1980s, the Nigerian textile market had over 160 vibrant textile mills and over 500,000 direct and indirect jobs and by 1985, the number of textile mills in the country increased to about 180, employing about 1,000,000 Nigerians. From the 1990s the Nigerian textile industry started experiencing some challenges, most of which can be linked to trade liberalisation policies such as the General Agreement on Tariffs and Trade/ World Trade Organisation (GATT/WTO).

2.3 Trade Policies Governing the Global Textile Industry

The global textile industry has witnessed a huge transformation in terms of development over the years. In terms of historical perspective, the earliest recorded efforts to regulate textile trade occurred in England in the late 1600s when the British parliament prohibited the importation of clothes from India in order to protect their domestic industry and enhance its growth. By 1700s, the textile industry in American was already developing. In 1800s, merchants and industrialist wanted to widen their markets through the introduction of free trade. These open trades later led to the development of the textile industry, especially in England, where textiles were the major exported product in the late 1800s (Dickerson, 1999). In 1808, American Congress imposed a duty on foreign textiles to protect the growing United States textile industry, while England tried to impose laws on the colonist to buy British textiles (Dickerson, 1999). By 1900, both England and the U.S. were the world’s leading textile producers. By then, most countries in Western Europe and North America became important textile producers. However, between 1913 and 1929 the relative share of the textile industry as part of all manufacturing activities in developed countries’ declined in export markets due to increasing competition from Japan (GATT, 1986). The growth of the textile industry in the U.S. was particularly linked to the adoption of Import Substitution industrialisation (ISI) policy and tariff embargoes placed on foreign textiles which protected the U.S. industry from competition and encouraged the substitution of domestic textiles for previously imported goods (Poulson, 1981). Countries in Central Europe and Latin America later adopted ISI policies in textile production, their various governments promoted the use of their country's textile products rather than imports. As a result, countries' that had been selling to those nations lost portions of the markets (GATT, 1984).

By 1932, Britain and other countries passed a protective measure on Japan who later became the leading world exporter of cotton textile product. The protective measure on Japan was aimed at limiting their textile products due to growing competition and loss of markets. 1936 and 1940 saw more trade restrictions and trade negotiation between Japan and the U.S. (GATT, 1986). The global textile industry witnessed more competition from newcomers in the export market between periods of World War I and II. The textile industry in Japan was damaged because of the war, and other countries were trying to rebuild their industry and this created an avenue for England and the U.S. to regain their share of the world markets and in 1947, the U.S. experienced their largest trade (GATT, 1984). The U.S. played a vital role in the development of a multilateral approach in trying to resolve international trade issues. These efforts led to the establishment of GATT 1947 (GATT, 1984; Dickerson, 1999; Blokker, 1989). In 1953, the Japanese textile industry fully recovered with financial assistance and advice on export market from the U.S. Japan started textile and clothing production valued at $746 million compared to $539 million in the U.S. and $343 million in the United Kingdom. In the same year, new players such as Hong Kong, South Korea, India, and Pakistan started exporting growing amounts of cotton textile products. As a result, British textile and clothing producers became concerned about the imports from Japan and other developing countries and this led to a restriction of textile shipment on Japan from the British government (Aggarwal, 1985). This later led to further trade policies in the global textile and clothing industry, a summary of which is presented in Table 2.

Table 2 Key Events in the Evolution of Textile Trade Policies

Year	Key Events
1947	The establishment of GATT (Blokker; 1989; Cortes, 1997; Dickerson, 1999).
1955	First voluntary export restraint (VER) on cotton textile products to the United States from Japan (Blokker; 1989; Cortes, 1997; Dickerson, 1999).
1957	Japan implements a 5 year VER on cotton products to the United States (Blokker; 1989; Cortes, 1997; Dickerson, 1999).
1959	The United States tries to convince Hong Kong to agree to a VER on cotton products (Blokker; 1989; Cortes, 1997; Dickerson, 1999).
1958 - 1960	Europeans adopt various strategies to restrict cotton products from least developed countries (Blokker; 1989; Cortes, 1997; Dickerson, 1999).
1960	GATT members agree on a definition of market disruption (Blokker; 1989; Cortes, 1997; Dickerson, 1999).
1961	Short-term agreement (STA) signed with a 1year restriction on 64 categories of cotton textiles in order to avoid market disruption until a more permanent solution could be developed (GATT, 1984).
1962	Long-term agreement (LTA) signed and was effective for the period of 5 years. The LTA was an international regime that limited the volume of imports to 5 percent per year for most cotton textile products (GATT, 1984; Dickerson, 1999).
1962 - 1967	Several bilateral and unilateral decisions were taken under LTA (Dickerson, 1999).
1963 - 1967	An attempt was made by the U.S. to secure international agreement on wool products which was rejected (Dickerson, 1999).
1967	LTA was renewed for the period of 3 years (GATT, 1984; Dickerson, 1999).
1969	The U.S. tried to get the EU to agree to a multilateral arrangement involving wool and manufactured fibre trade (Dickerson, 1999).
1970	LTA was renewed again (GATT, 1984; Dickerson, 1999).
1969 - 1971	U.S. restrains Far Eastern countries from exporting wool and manufactured fibre products to U.S. markets.
1973	MFA agreed upon and was concluded at the end of 1973 and became effective on January 1974 for a period of 4 years (Brandis, 1982; Choi et al., 1985; Dickerson, 1999).
1977	MFA was renegotiated and signed as MFA II, which permitted “jointly agreed reasonable departure”. That is, the “reasonable departures” clause permitted participating countries to negotiate bilateral agreements that no longer complied with the provisions of the original MFA that had been agreed upon by all members (Keesing and Wolf, 1980; GATT, 1984; Cortes, 1997).

Year	Key Events
1981	MFA II was renegotiated and signed as MFA III with a less restrictive anti-surge provision provided for special restraints in the event of "sharp and substantial increases" in imports of the most sensitive products with previously underutilised quotas (Dickerson, 1999).
1986	MFA IV was signed with an extension in fibre coverage (Blokker, 1989; Dickerson, 1999)
1991 - 1993	MFA IV was slated to expire on July 1991 but due to global trade talks (the Uruguay Round) which had been underway for nearly 5 years, MFA IV was had to be extended till 1992 (Blokker, 1989; Cortes, 1997).
1992 - 1993	MFA IV reached expiration and global trade talks were stalled and an extension was agreed upon. Two additional extensions of MFA IV were agreed upon in December 1992 and December 1993 (Blokker; 1989; Cortes, 1997).
1994	The Uruguay Round was concluded and GATT 1994 became an up to date version of GATT 1947. This new agreement phased out the MFA.
1995	The WTO was established and the agreement on textiles and clothing (ATC) replaced the MFA. During the Uruguay Round multilateral trade negotiations, it was agreed that countries wishing to retain quotas would commit themselves to phasing them out over a 10 year period, with the last quotas being lifted on 1st January 2005, as stated in the ATC. Stage 1 of the phase out began with an increased growth in the levels of quota (Dickerson, 1999; Ernst et al., 2005; Naumann, 2005).
1998-2002	Stage 2 in the phase out commenced with additional product integration and increased quota growth levels (Dickerson, 1999; Naumann, 2005).
2005	Final elimination of quotas, textile and clothing were fully integrated into mainstream trade rules (Dickerson, 1999; Naumann, 2005).

Source: Author's Compilation

The total phase-out of MFA trade policy in 2005 has had a significant impact on world trade, a number of countries feared that a new wave of cheap textile and clothing products would flood their markets, threatening their domestic industries that were not adequately prepared to face the new challenge (Ernst et al., 2005). There were concerns that exporters in countries with the most internationally competitive textile industries would gain, while producers in countries that maintained import quotas until the end of 2004 and exporters in countries that had enjoyed quota-protected access to developed countries' markets were set to lose (Mayer, 2004). More specifically, Spinanger (1998) argues that the removal of quotas will not be beneficial to developing countries. This view is contrary to other studies carried out by international bodies such as the World Bank, United Nations, Organisation for Economic Cooperation and Development (OECD) and the WTO, which indicated that the phasing out of quotas will be beneficial to both developed and developing countries such as Nigeria. These liberal rules under the WTO meant that countries such as Nigeria had to review their trade policies through the elimination or reduction of their trade barriers.

2.3.1 Trade Policies and Agreements in the Nigerian Textile Industry

The Nigerian textile industry has been governed by two major trade policies over the years. These are import substitution industrialisation (ISI) and trade liberalisation. ISI was a protectionist policy adopted by most developing countries before the 1980s, which was aimed at protecting their domestic industries from foreign competition through trade barriers (Krugman and Obstfeld, 2006). Ogujiuba et al (2011:9) states, "The logic behind ISI is hinged on forward and backward linkages in industrialisation processes and economies of scale. ISI was designed to promote native/local industries to replace the foreign produced manufactured products that were consumed as imports". That is, ISI was a developmental strategy adopted by most developing countries as a form of industrialisation. For instance, Sub-Saharan African countries implemented ISI policies after independence because it was the only developmental strategy associated with the independence process in Africa (Krugman and Obstfeld, 2006; Mendes et al., 2014). Industrialisation process in Sub-Saharan Africa was in two phases. The first stage occurred during colonialism in the late 1940s, and was controlled by colonial powers. The second stage of industrialisation began in the late 1950s and gathered momentum in the 1960s, when the import substitution was more widely implemented.

In the Sub-Saharan region, the process of import substitution followed the dynamics typical of any import substitution process. The strategy lasted until the second half of the 1980s due to SAP, which according to Mendes et al (2014) was against the system of industrialisation in Africa. Though the ISI policy was a success in some Asian countries, how the process occurred in African Nations and why it had little or no success is still vague (Mendes et al., 2014). Nevertheless, there are few accounts on how ISI failure started in Nigeria. These accounts indicate that ISI failure started because of the oil boom in the 1970s in Nigeria. Oil was Nigeria's biggest foreign exchange earner and the effect of the oil boom led to neglect of the manufacturing sector (including textiles) and the mismanagement of funds caused the country to accumulate debts. The International Monetary Fund (IMF) introduced a Structural Adjustment policy that was meant to last between 1986 -1988 (Ogechukwu, 2011). In addition, the Indigenisation Decree termed "Nigerianisation" in 1972 and later the Nigeria Enterprises Promotion Act 1977, which were aimed at preserving the country's foreign exchange reserves and changing the ownership structure of the local textile industry from foreign domination, also contributed to the failure of ISI (Beveridge, 1991; Nyor and Chinge, 2014).

2.3.2 The Oil Boom, Nigerian Indigenisation Decree and the Textile Industry

Nwabueze (2009) narrates that between 1970 and 1979 oil was Nigeria's biggest foreign exchange earner, which immensely contributed to the country's wealth. As a result, most of the revenue was intended for socioeconomic development through diversification, but it also led to inflation and bias in allocation. This act impacted negatively on various sectors of the economy, especially the textile industry that was heavily reliant on the agricultural sector for cotton production. Textile manufactures had to import their inputs from abroad and there was no shield against the harsh conditions associated with foreign trade policies. These importations also reflected highly on their production cost. Makinde et al (2015) explain that most firms were engaged largely in the same kind of business activities that is, spinning and weaving. There was an unhealthy competition for the small quantity of cotton that was locally available. This drove up production price and the price of finished products. Higher and non-competitive production price at home helped to quicken the ailment in the Subsector. However, in a bid to salvage the situation of the industry, the government issued an Indigenisation Decree in 1972 and later the Nigeria Enterprises Promotion Act 1977. These represented genuine attempts by the Government to ensure that Nigerians play active and valuable roles in the development of the economy. According to Beveridge (1991), these decrees were aimed at limiting foreign ownership in local enterprises to a certain maximum percentage, depending on the size of the company in order to secure Nigerians' participation. Plankensteiner (2013) notes that in the context of the indigenisation decree, the government banned the importation of industrial embroidery textiles in 1976 in a bid to strengthen the local industry and preserve the country's foreign exchange reserves. This decree saw changes in the ownership structure of SMEs' in the textile industry. For example, some Nigerians were made major shareholders and chairpersons of boards. This led to the downfall of the SME sector, as most had little or no knowledge about the sector, such as managerial skills and knowledge of the market. It also led to a capital flight in the country (Nwabueze, 2009).

2.3.3 Structural Adjustment Programme in Nigeria

SAP as introduced in Nigeria had the following key objectives: to reduce the dominance of unproductive investments in the public sector; to achieve a viable balance of payment; to reduce dependence on oil and on imports by restructuring and diversifying the productive base of the economy amongst others (Havyrlyshyn, 1990; Mkandawire, 1995). In order to achieve set objectives, the IMF prescribed: (1) the adoption of appropriate pricing policies in all sectors with greater reliance on market forces; (2) restructuring and rationalisation of the public sector through privatisation, commercialisation, and removal of subsidies; and (3) trade liberalisation through the removal of tariff or any other barriers to trade. The idea of reliance on market forces and liberalisation was to make the economic environment attractive for foreign investors (Havyrlyshyn, 1990; Tybout, 1992; Edward, 1993; Mkandawire, 1995). According to Ogechukwu (2011), SAP was one of the policy measures, which placed emphasis on the technological aspects of industrial development of SMEs' in the country. This corrective measure was to divert efforts towards the maximum exploitation of natural resources and to discourage capital-intensive mode of production in the light of the abundant resources available. In this regard, the industrial policy tried to focus its attention mainly on local resource utilisation through various forms of incentives worked out by the government. Some of the basic policy strategy aimed at revamping the industrial sector includes: (1) Encouraging the use of more local materials in industrial development activities; (2) Encourage greater capacity utilisation in Nigerian industries.

The Government then tried to increase support and contributions by establishing: (1) a research products development firm to provide a bridge between research and commercial development of results and also cooperate with manufacturing sector on the importation of machineries and eventually develop the capability for fabricating such machines; (2) the federal institute of industrial research and other institutions as the project development agency and centres; (3) the provision of funds to implement feasible projects originated from policy paper, prepared by the Nigerian Councils for Science and Technology; and (4) the Industrial Research Council of Nigeria to get organised in coordinating industrial research efforts. The introduction of SAP seems to have increased the negative effects for employers of labour and made it difficult for self-employment, especially in the Nigerian textile industry (Anyanwu, 1992; Nwabugo, 2011; Ogechukwu, 2011). Some of these reforms led to cuts in worker's salary; massive retrenchment of workers; high cost of living and removal of subsidies, and numerous others (Nwabugo, 2011). It also led to the decline of the real incomes of stakeholders in the industry by almost 50 percent (Nwabugo, 2011). Nwabueze (2009) explains that this policy later gave way for trade liberalisation, which paved the way for competition, and the free movement of goods and services into Nigeria. Nwabueze (2009) observes that entering into the WTO Agreement in 1995 (for the free movement of goods and services among member countries through the removal of import bans) was in furtherance of the same objective as SAP. As a result, both policies led to the closure of many firms in the textile industry.

2.3.4 Nigeria's Accession into WTO

The WTO replaced GATT on 1st January 1995. The general objective of this liberal policy is to increase the standard of living and income, create job opportunities, and enhance world production of goods and services and adequate utilisation of the world's resources as well as economic development (Jhingan, 1998). It is also aimed at balancing the rule of trade between member countries through trade liberalisation. Therefore, the automatic accession of GATT members to WTO required that they put forward their tariff schedules, while aspiring members must have a national economy that is in line with the rules of the WTO and those whose policies and regulations are not in line with the rules of the WTO must implement reforms to make them possible (Kim, 2011). Nigeria became a founding member of the WTO in 1995. As a member country, Nigeria had to reduce their protectionist approach in order to allow the free flow of goods and services within member countries. Nigeria's accession into the WTO raised concerns among stakeholders regarding the economic implication of the WTO agreement on the economy (Nnabuihe et al., 2014). In particular, Adeleye (2002) reports that stakeholders in the manufacturing sector were against the full liberalisation policy under the WTO, suggesting that it made the economy vulnerable due to increased foreign competition, and contributed to the already existing challenges faced by the Nigerian textile industry (Nmadu 2008; Nwabueze, 2009).

The removal/reduction of tariff and non-tariff barriers paved way for foreign competition and illegal importation of finished fabrics and designs from countries such as China and India through the borders of Republic of Benin and other neighbouring countries. As a result, the Nigerian government loses about $400 million to smuggling annually and about $1.4 billion worth of textile materials flood the nation's market annually, 85 percent of which are smuggled (Njoku et al., 2011). Oyejide et al (2012) argue that despite Nigeria's accession into WTO the country still had import prohibitions on textile materials, which was meant to be totally eliminated in 2005. Similarly, Nmadu (2008) notes that textile trade in the country increased drastically during the period Nigeria became a member of the WTO in favour of imported textiles rather than locally manufactured textiles. That is, as the sale of imported textiles increased, local production decreased drastically over the period. Bello et al (2013) assert that the opening up of Nigeria's economy to foreign competition negatively impacted on the competitiveness of the industry. It led to the closure of firms, from 124 in 1994 to 45 in 2007 and a decrease in employment from 150,000 in 1994 to 20,000 in 2007 and there has been more closure and corresponding reduction in employment on a yearly basis. Most of the firms that shut down abandoned the leasehold on their premises, took their money, sold their machinery and their managers and owners fled the country to other economies where the production environment was considered to be more favourable. The implication of this is that for several firms, the closure is total and final not temporary as these foreign partners were operating in this sector mainly for profit (Nwabueze, 2009).

Equally, stakeholders in the Nigerian manufacturing sector condemn the WTO principle of trade without discrimination on rights and obligations in goods, services, and intellectual property. The suggestion is that the WTO agreement has been one-sided in favour of developed countries at the detriment of developing countries. A situation whereby developed countries determined the prices of manufactured goods and services produced mainly for them in developing countries (Nnabuihe et al., 2014). The trade agreement encouraged the influx of foreign finished fabrics and designs into countries like Nigeria, which has led to a near collapse of domestic industries. Furthermore, Nnabuihe et al (2014) discuss that the current structure and rules of the WTO agreement have impacted negatively on the growth and development of SMEs' textile operators because it has led to an unequal technological strength between developed and developing countries. That is, technologically weak countries cannot compete favourably with other advanced countries. SMEs' are the most affected as they complain about their inability to meet the demands of customers who complain about the lack of value in domestic production (Nmadu, 2008; Stearnes, 2010). UNEP (2005) points that the aim of trade liberalisation under the WTO was solely to encourage development among member countries and this has been a success in countries such as China, India, and Brazil, but unsuccessful in Nigeria due to the manner in which these policies were implemented in the country. Apart from Nigeria's involvement in the WTO, the country is also involved in other trade agreements in Africa such as the Economic Community of West African States (ECOWAS). The trade liberalisation scheme (ETLS) is aimed at giving West Africa countries priority access to regional free trade.

2.3.5 ECOWAS Trade Liberalisation Scheme (ETLS)

Nigeria adopted the ECOWAS Common External Tariff (CET) in 2005 as part of the country's developmental strategy. ECOWAS Trade Liberalisation Scheme (ETLS), which is a regional trade agreement within West Africa, had the following set objectives: (1) to establish a customs union among the member states that enhances free trade and eliminates customs duties and taxes; and (2) eliminate all forms of tariff and non-tariff barriers on intra-ECOWAS trade and the establishment of CET (Brock et al., 2010). ETLS is meant to be a ladder to economic development in West Africa, encourage entrepreneurial development and provide a common market among member states by enabling local manufacturers to compete favourably with cheap imports (CBN, 2011). Kareem (2014) confirms that ECOWAS CET has four tariff bands: 0 percent for social needs and basic necessities, 5 percent for raw materials, 10 percent for intermediate goods, and 20 percent for finished goods that are not produced locally. The CET adoption meant Nigeria had to reduce tariff rates by 50 percent on all products (Kareem, 2014; Laski and Melo, 2014). Nigeria also was granted the possibility of adding a fifth band of 35 percent for finished goods manufactured locally. The 35 percent tariff rate applies to products that are considered sensitive, such as printed fabrics (Kareem, 2014). Nigeria's adoption of CET was an override in the direction of the country's trade policy (Ajayi and Osafo-Kwaako, 2006). The adoption was influenced by the Economic Management Team of the Federal Government regarding economic reform, the activities of government bureaucrats and political efforts to increase regional integration in West Africa.

Initial studies according to Uexkull and Shui, (2014) on the ECOWAS CET adoption indicates that the removal of import bans and levies will contribute to trade facilitation and reduction in smuggling in regional borders. It was believed that CET adoption by Nigeria would be beneficial to customers, consumers and exporting firms due to the removal of import bans and removal/reduction of levies. However, domestic firms in the manufacturing sector would experience a decline in profitability due to a reduction in the domestic price of their products; the largest negative effects are likely to occur in the textile and clothing industry (Uexkull and Shui, 2014). CET opened new opportunities for Nigeria in terms of inter-regional trades, which in turn created an avenue for increased competition for local producers who are not into exports (Uexkull and Shui, 2014). In relation to increased competition from other countries with competitive advantage, Issa (2005) advised the government to impose a ten-year ban on textiles importation, impose an additional import safeguards levy and a reconsideration of CET in order for the domestic textile industry to thrive. Rablland and Mjekiqi (2010) explain that import ban, high levies, and duties cannot prevent the illegal importation of goods into Nigeria. Products subjected to bans and levies such as textiles have the highest rate of smuggling in the country. It is estimated that smuggling from the Republic of Benin is worth $5 billion (10 percent of Nigeria's imports and $1.2 billion in terms of government revenue).

2.4 Impact of Trade Policies on the Nigerian Textile Industry

Trade policy has been a vital instrument used in regulating international trade. The structure of these policies has rendered some countries more competitive while posing challenges for others operating in most developing countries' like Nigeria due to the manner in which they were implemented (Bruce-Amartey et al., 2014; Curran and Nadvi, 2015). There is a perception that the enforcement of trade policies in Nigeria has often been inconsistent or prone to failure at implementation stages (WTO, 1998; Obamwonyi and Aibieyi, 2014; Oluwaleye, 2014). In Nigeria, the enforcement of trade policies underwent major changes within the framework of liberal policies. According to Hammouda and Jallab (2007), there was greater liberalisation in foreign trade through the reduction of trade barriers, decrease in customs levies and devaluation of the Naira. However, empirical studies suggest that these trade reforms were unsuccessful due to the weak infrastructure and institutional environment in the country (Hammouda and Jallab, 2007; Obokoh, 2008b; Nwabueze, 2009). For example, it is believed that the implementation of trade policies impacted negatively on the competitiveness and sustainability of the Nigerian textile industry. Textile manufacturers in the country have been faced with issues such as massive smuggling, high cost of production, poor infrastructure, high taxes and levies due to unfavourable government and trade policies.

There is a perception that international and regional trade policies on liberalised trade led to increased smuggling of finished fabrics and designs in the country. In 1997, import ban on textiles was lifted in accordance with these liberal rules; as a result, textile manufacturers were unable to bear the heat of illegal importation of textiles into the country (Anudu, 2013). Domestic markets were faced with huge competition from smugglers who cleverly avoided the payment of taxes and levies. Neighbouring countries and their Nigerian collaborators took advantage of the policy to smuggle illegally cheap fabrics and designs into the Nigerian market, thereby violating the terms of both trade agreements (Nwabueze, 2009).

According to Nwabueze (2009), these policies led to the continuous closure of textile firms in the country and the government had to introduce another ban on importation of textiles in May 2004, a measure, which yielded no result as the Nigerian market, was continually flooded with cheap smuggled textiles. The collapse of the industry would have been less disastrous if the ownership structure was mainly Nigerians because the "dynamics of nationalism might have slowed the swift shutdown response of the foreign investors in the sector who, propelled primarily by the profit motive, moved quickly into other business areas particularly, importation of finished goods" (Nwabueze, 2009:281). This act immensely stunted the growth and competitiveness of the domestic textile industry. The unhealthy business environment led to the closure of over 50 textile firms within the first 6 years of signing the WTO agreement, while about 80,000 employees lost their jobs. Major companies such as Aba Textiles, Asaba Textile Mills, Arewa Textiles, Five Star, Gaskiya, Haffar Industrial Company Limited, SpecoMills, Zamfara Textiles, Millet Nigeria Limited, among countless others, have all been forgotten when textiles are discussed (Anudu, 2013).

Another contributing factor to the challenges faced by the country's textile industry is the cost of production. Production cost in the country's textile industry is being triggered by poor infrastructural amenities. Due to epileptic power supply, domestic manufacturers have to generate their own electricity, provide diesel and black oil to power their plants for production (Nwabueze, 2009; Aminu, 2016). In addition, these manufacturers are faced with the payments of taxes and levies associated with the importation of raw materials and other costs involved with doing business in the country, such as high transportation cost due to bad roads. These costs end up pushing the price of locally manufactured fabrics higher, thereby making them less competitive in favour of smuggled fabrics, which are cheaper in the market (Nwabueze, 2009). Other studies argue that importation and sales of used clothing are the major killers of the Nigerian textile industry (Baden and Barber, 2005; Amubode and Braide, 2010; Brooks and Simon, 2012; Eneji et al., 2012). They ascribe this to the liberalisation policy under the WTO, which made the Nations market a dumping ground. As imports of used clothing increased, the more textile-related jobs were lost. Locally produced fabrics were found to be more expensive than the sale of used clothing, which was cheaper; hence, the competitiveness of the industry has been in jeopardy (Brooks and Simon, 2012).

2.4.1 Effect of Used Clothing on the Nigerian Textile Industry

Global trade on used clothing is worth more than $1 billion and it provides clothes at low cost for people living in poverty, especially in developing countries like Nigeria (Baden and Barber, 2005). In Nigeria, these used clothing popularly known as “Okrika or bend down select” are normally imported from developed countries’ such as the United Kingdom and U.S. to charities in African countries who cannot afford new clothes. Hansen (2000) notes that over the past 20 years, there has been a huge increase in the amount of used clothes donated to charities in developed countries. While the leftover from the sales of these used clothes is then sold to clothing exporters who send them to developing countries such as Nigeria for sales at a very low cost. Frazer (2008) asserts that the U.S. is one of the top ten exporters of used clothing to Africa and about 16 percent of cargoes shipped from the U.S. to Africa contained used clothing. The importation of used clothing has been criticised for the negative impact on domestic textile and clothing industry in developing countries such as Nigeria. Apart from the socioeconomic impact of used clothing on the Nigerian textile industry, such as the closure of textile firms due to low patronage, it also poses a health risk to consumers. For instance, the transmission of diseases through unsterilised underwear, brassieres, pants and unwashed clothes that are displayed on the mats and hangers for consumers to select their choice (Olori, 2005; Abdullahi and Shittu, 2010).

Furthermore, Oxfam International notes that the importation of used clothing has negatively impacted on the production and employment generation of the textile and clothing industry in West Africa (Baden and Barber, 2005). In 2004, the Federal Government placed a ban on the importation of used clothing into Nigeria in a bid to protect the local textile industry. Olori (2005) discusses that the General Secretary of the Textile, Garment and Tailoring Union, explained that the low patronage of locally manufactured fabrics is due to the very cheap availability of used clothing in the country. In addition, the memorandum of understanding between Nigeria and the Republic of Benin, which was signed in 2004, is to blame because the Republic of Benin is accused of facilitating smuggling. To understand further the impact of trade policies on SMEs’ business relationships in the Nigerian textile industry, it is necessary to grasp first, the concept of inter-organisational relationships.

2.5 Business Relationships: Stages and Construct

2.5.1 Business Relationships

Business relationships or inter-organisational relationships (IORs) "is the process whereby two firms form strong and extensive social, economic, service and technical ties over time, with the intent of lowering total costs and/or increasing value, thereby achieving mutual benefit" (Anderson and Narus, 1990:43). According to Holmlund and Tornroos (1997), it is an interdependent process involving continuous interaction and exchange between two or more actors in a business network context. Business relationships are mainly characterised by long-term character, context-dependence, mutuality and process nature. Over the last two decades, business relationships have been widely discussed in industrial marketing literature, economics, law, sociology and organisational studies (Bunduchi, 2008). These studies have focused mainly on differentiating between two types of inter-organisational relationships: transactional or short-term relationships and collaborative or long-term relationships. In transactional exchanges, buyers and sellers only share a little information in term of price negotiation, which sometimes leads to conflicts. While in collaborative exchanges, long-term inter-organisational relationship exists over a period of time and this may involve high investments and other elements of relationship marketing (Spekman and Carraway, 2006). Relational exchanges are a vital part of the business relationship. Sheth and Parvatiyar (1995) clarify that the development of business relationships shows a shift in the system of marketing for example; there has been a shift from competition and conflict to mutual cooperation and from choice independence to mutual interdependence. The aim of Business relationships is to create customer superior value by addressing their organisational needs and wants through the products and services offered (Filiatrault and Lapierre, 1997). According to Ng et al (2010:4), "in Business relationship, the value of the service is embedded in the processes and interactions between customers and the firms over a length of time and is crucial to quality and service excellence". That is, value is co-created between the firm and the customer for example through partnership, maintenance, and collaboration.

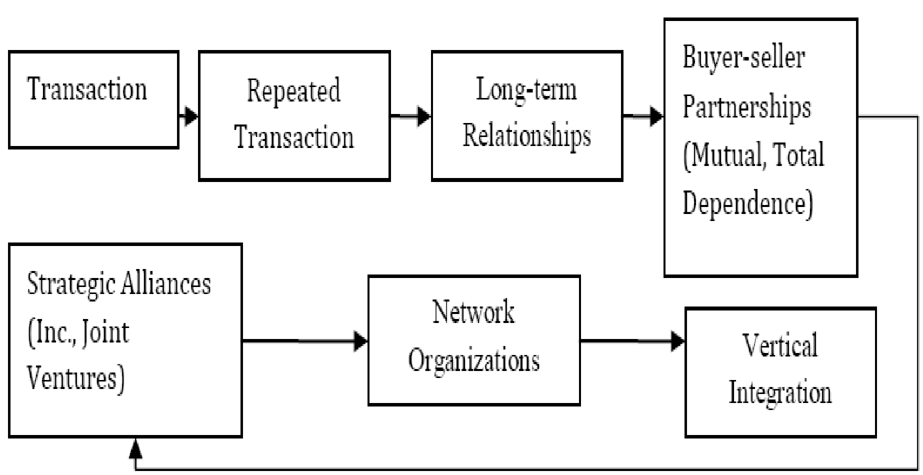
Long-term relational exchange necessitates a major shift in decision-making among partners involved in the business relationship, such as: (1) It emphasises on the involvement of the customer in the organisation's decision-making process (2) developing interdependence between customers and the focal organisation (3) creating a value chain that maintains and strengthens relationships over time (4) emphasising holistic, individualised relationships; and (5) it focuses on increased transactional efficiency and effectiveness over the long-run for the relational partners (Harvey and Speier, 2000). Morgan and Hunt (1994) affirm that these exchanges of resources could be between partners such as competitors, partnership between the government and firms; it could also be between suppliers and customers. Furthermore, they emphasised that the success of every business relationship is highly dependent on trust and commitment because it encourages firms to work at preserving relationship investments by collaborating with exchange partners. In addition, it resists attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners and view potentially high-risk actions as being cautious because of the belief that their partners will not act opportunistically. Sheth and Parvatiyar (1995) explain that the result of relationships is the creation of value through partnership and collaborative efforts of the parties involved and not necessarily value through exchange. Furthermore, customers are co-creators who have interdependent relationships with producers, thereby making the process of value creation very important. In order to understand the importance of inter-organisational relationships in business, the next section examines the concept of relationship marketing.

2.6 The Concept of Relationship Marketing

Relationship marketing is a fundamental concept within modern marketing thought. Relationship marketing concept originated from four marketing areas; service marketing which was introduced by Berry (1983), database marketing and direct marketing, business marketing (interaction and network) and marketing channels (Moller and Hallinen, 2000; Ferandes, et al., 2008; Datta et al., 2011). Gronross (1999) asserts that relationship marketing was a paradigm shift in the system of marketing which dates back to the 1980’s. Sheth and Parvatiyar’s (1995) study indicates that the concept and application of relationship marketing existed until the early years of the industrial era when mass production led to an oversupply of goods, which made businesses transaction oriented. During the pre-industrial era, establishing trust, customer retention and satisfaction were core components of successful business strategy that was adopted by firms. Similarly, Biswas (2011) notes that before Berry and Jackson used the term “relationship marketing” in the 1980s, other researchers such as Schneider and Levitt talked about relationship marketing in different contexts. The former raised concerns about how businesses and researchers are more concerned with attracting customers to their products and services rather than retaining them. While the latter stressed that, the needs and wants of customers should be at the heart of every business operation. That is, firms should see themselves as one, which buys customers rather than producing goods and services, and by so doing, they will attract more business partners. The ideology behind relationship marketing is to view marketing as an exchange relationship that involves the interactions between businesses and their stakeholders (Gronroos, 1997).

Sheth and Parvatiyar (1995; 2000) stress that relationship marketing is not a new concept rather it is a rediscovery of a concept that has long been in existence whose origin can be traced back to the roots of trade and commerce. Sheth and Parvatiyar (1995) note that relationship-marketing concept is a shift from the traditional system of marketing which views competition and conflict as a strategy for value creation. That is, with competition in the marketplace, customers have a variety of options, and this in turn motivates businesses to create a higher value offering that is profitable to them. It is a paradigm shift in marketing philosophy from the traditional system of marketing that focuses on short-term relationship to a more relational marketing system which stresses the importance of long-term relationship by retaining existing customers over getting new ones (Starvos, 2005; Biswas, 2011). This transition in the system of marketing focuses more on how value can be co-created in the production of goods and services among actors in the relationship. Figure 3 below highlights the transition from transactional to relational system of marketing.

Figure 3 Transition in the System of Marketing



Source: Wahab and Ali (2010)

The rationale for the shift in paradigm from the traditional or transactional system of marketing is to build trusted, committed, satisfied and informed long-term partnership with business partners through continuous value creation (Datta et al., 2011). Datta et al (2011) claims that McGarry (1951) was one of the first researchers to discuss the concept of building inter-organisational relationships in the context of reducing marketing cost by establishing and maintaining long-term relationship between parties involved through value co-creation, partnership and collaboration. Due to the huge competition faced by firms today in their business environment, they have to integrate the core principles of relationship marketing into their business strategy in order to survive and remain competitive (Gronoross, 1996). The concept behind relationship marketing holds that firms' should seek long-term marketing relationships through partnership (Morgan and Hunt, 1999). There have been different definitions of relationship marketing by numerous researchers and various schools of thought. Table 3 highlights some definitions of relationship marketing from reviewed literature.

Table 3 Summary of Relationship Marketing Definitions

No.	Author and Year	Definition
1	Berry (1983:25;2002:6)	Relationship marketing is attracting, maintaining and in-multi-service organizations-enhancing customer relationships.
2	Berry and Parasuraman (1991:1)	Relationship marketing concerns attracting, developing and retaining customer relations.
3	Morgan and Hunt (1994:2)	Relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining, successful relational exchanges.
4	Jackson (1985) in Biswas (2011)	Relationship marketing is a system of marketing aimed at winning, building and maintaining strong lasting relationships with industrial customer.
5	Gummesson (1991:62)	Establishing a relationship involve giving promises, maintaining a relationship based on fulfilment of promises; and finally, enhancing a relationship means that a new set of promises is given with the fulfilment of earlier promises as a prerequisite.
6	Weitz and Jap (1995:308)	Relationship marketing includes attempts by firms to develop long-term relationships with channel members such as wholesalers and retailers.
7	Ballantyne (1994)	Relationship marketing is an emergent disciplinary framework for creating, developing and sustaining exchange of value between the parties involved, whereby exchange relationships evolve to provide continuous and stable links in the supply chain.

No.	Author and Year	Definition
8	Gronroos (1994:9)	Relationship marketing aims to identify and establish, maintain and enhance and, where necessarily terminate, relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfilment of promises
9	Kanagal (2009:3)	Relationship marketing is an exchange, that is profitable to parties involved in the exchange
10	Sheth and Parvatiyar (2002:11)	Relationship marketing is the value-added activity through mutual interdependence and collaboration between suppliers and customers.
11	Sheth and Parvatiyar (1994:2)	Relationship marketing is the Understanding, explanation and management of the on-going collaborative business relationship between suppliers and customers.
12	Paravatiyar (1996)	Relationship marketing is the process of co-operation with customers to improve marketing productivity through efficiency and effectiveness.
13	Porter (1993) in Biswas (2011)	Relationship marketing is the process whereby both parties (the buyer and the provider) establish an effective, efficient, enjoyable, enthusiastic and ethical relationship: one that is personal, professional and profitable or rewarding to both parties.
14	Sheth and Parvatiyar (1995)	Relationship marketing is an attempt to involve and integrate customers, suppliers, and other infrastructural partners into a firm's development and marketing activities.
15	Gummesson (2002:39)	Relationship marketing is marketing based on relationships, networks and interaction, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society.
16	Gummesson (1995:16)	Relationship marketing is a marketing approach based on relationships, interactions, and networks.
17	Bonnemaizon et al (2007:50)	Relationship marketing is the sum total of marketing approaches focusing on the relationship between a business, its customers and its different stakeholders.

Source: Author's Compilation

The above definitions of relationship marketing can be grouped into three categories: relationship development and maintenance, collaborative value co-creation and business strategy. For instance, 1 - 9 talks about developing and maintaining relational exchange that is beneficial to partners involved in the inter-organisational relationship, 10 - 14 focuses on collaborative inter-organisational relationship leading to value co-creation, while 15 - 17 is centred on establishing inter-organisational relationships as part of firms' business strategy. In other words, relationship marketing can be defined based on the above classifications as; developing and maintaining a collaborative exchange relationship with inter-organisational partners such as stakeholders as part of firms' business strategies leading to co-creation of socioeconomic value. Relationship marketing has also been discussed in four different schools of thought; Nordic, Industrial Marketing and Purchasing (IMP), North American and Anglo-Australian (Gummesson, 1996; Payne, 2000).

2.6.1 'Relationship Marketing' Schools of Thought

Various streams of research have been conducted on the conceptual origin of relationship marketing, which are highlighted by the existence of schools of thought (Palmer et al., 2005; Brito, 2011; Datta et al., 2011).There are debates on the exact number of schools of thought in relationship market. Nevertheless, researchers such as Gummesson (1996); Gronroos (1997); and Payne (2000) note that the conceptualisation of relationship marketing can be found in four schools of thoughts: The Nordic School, Industrial Marketing and Purchasing (IMP), North American and Anglo-Australian.

'Nordic' School of Thought

Studies show that relationship marketing is an extension of the Nordic School approach to service marketing and management (Gummesson, 1997; Biswas, 2011). The Nordic school of thought originated in the 1970's due to pitfalls identified in the transactional system of marketing. It was aimed at improving the quality of relationships and enhancing customer loyalty and retention (Lindgreen and Vanhamme, 2005). According to Datta et al (2011: 311) the main characteristics of the Nordic school of thought are: (1) Relationship between the parties for long-term to create sustainability; (2) Marketing is seen as functional and cross-functional; (3) Building relationship is the core of this concept, hence price sensitivity is less; (4) Importance of customer perceived value; and (5) Dialogue between parties to create long-term relationship. However, Parvatiyar and Sheth (2000) state that the Nordic school of thought adopts the network approach which is popular with the Industrial Marketing and Purchasing (IMP) group on issues relating to service marketing. Palmer et al (2005) point out that Nordic school of thought stresses that the process of interaction between parties should be continued in order to establish a long-term relationship. It also stresses on the need for long-term relationship in areas of service marketing, with emphasis on terms such as buyer-seller interactions, interactive marketing, and customer relationship life cycle.

The Nordic school of thought identifies three approaches to relationship marketing, Interaction, Dialogue and Value (Palmer et al., 2005; Lindgreen and Vanhamme, 2005). Schultz et al (1992) discuss that dialogue is an important component for effective interaction in business relationships, as it promotes, establishes and maintains the process of interaction. Value is something that is undefined and the amount of value a product or service offers is how the customer perceives it (Pessu, 2012). This means that the same product or service can be perceived differently in terms of value depending on which customer is to evaluate the value (Anderson and Narus, 1998). Lindgreen and Vanhamme (2005) elaborate further that customers' perception of value is very important in the process of interaction, as a result customer perceived value must be least equal the value that is sacrificed. That is, value must be created and perceived to be delivered to the customer. Brito (2011) notes that the main contribution of the Nordic school of thought in the field of relationship marketing is that in services, firms should always take into account market considerations and customers when making business decisions.

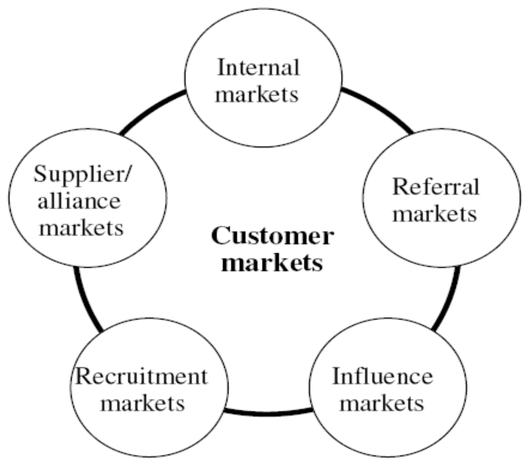
'Industrial Marketing and Purchasing (IMP) Group' School of Thought

The concept of "relationship" was part of an approach adopted by the Industrial Marketing Purchase Group (IMP), which focused on buyer-seller cooperation paradigm rather than the "traditional" view of buyers and sellers as rivals (Ford, 2004). The IMP group was formed in the 1970s in Scandinavia with extensive research on relationship studies such as organisational relationships, network model and interaction model amongst others (Brito, 2011; Datta et al., 2011). However, the IMP group pays more attention to the interaction between firms in a business relationship (Brito, 2011). Their research on relationship marketing identifies that buyer-seller relationships are built on the foundation of interactions. That is, relationships are the outcome of interactive processes, especially for the role played by buyers (Datta et al., 2011).

'The Anglo- Australian' School of Thought

The Anglo-Australian approach is based on Christopher et al's (1991) research which focused on the integration of quality management, customer relationship management and the application of service marketing concept (Brito, 2008). They identified six market models of relationship marketing as shown in Figure 4 below: internal, referral, influence, supplier and alliance market, recruitment, and customer market as the key components of marketing activities that deals with relationship management (Lindgreen and Vanhamme, 2005; Brito, 2008; 2011).

Figure 4 Six Market Models of Relationship Marketing



Source: Lindgreen and Vanhamme (2005)

The model builds on the concept of traditional marketing and improved by quality and service, that establishes an interactive process for customer value creation in the relationship. Datta et al (2011) hold that the Anglo-Australian school of thought stresses that superior value for customers can be created by integrating the principles of service marketing and quality management.

'The North American' School of Thought

The North American school of thought pays attention to the degree of relationship that exists in the business environment between buyers and sellers. They define relationship marketing as the process of engaging in cooperative and collaborative activities and programme with customers to create mutual economic value at low cost (Sheth and Parvatiyar, 1995). Parvatiyar and Sheth (2000) condemn this definition by the North American school of thought, noting that it is too broad and blurring. Table 4 provides a summary of the similarities and differences of the four schools of thought.

Table 4 Schools of Thought in Relationship Marketing

Schools of Thought	Approach
Nordic	Incorporates the network approach with issues related to relationships in service marketing.
Industrial Marketing and Purchasing (IMP)	Buyer-seller relationships are built on the foundation of interactions between firms in business relationships and how they evolve.
Anglo-Australian	Focuses on the integration of quality management, customer relationship management and the application of service marketing concept.
North American	Focuses on buyer-seller relationships in the business environment.

Source: Author's Compilation

Parvatiyar and Sheth (2000) discuss that relationship marketing is a wide subject area that has the ability to become a discipline of its own with theory if it focuses only on the aspect of buyer-seller relationships. Furthermore, Sheth and Parvatiyar (2002) mention that it is very important to have a single unique definition of relationship marketing because it is a one-to-one relationship that involves buyers and sellers which is an interactive process and not transactional. The process involves value creation through partnership and collaboration between buyers and sellers. The focus on relationships rather than transaction based exchange redefines the domain of marketing in the pre-industrial era, whereby producers and sellers were also known as sellers and buyers and both parties worked together in order to reduce costs (Sheth and Parvatiyar, 1995). Harwood and Garry (2006) suggest that the controversies around the subject of relationship marketing are due to debate amongst researchers and practitioners on what constitutes a relationship, when is it appropriate to develop or establish a relationship, who should be involved in the process and when does a relationship exist between parties. In view of the above statement, the next section critically reviews several levels of relational bonds and the application in business relationships.

2.6.2 Relational Bonds

There are several levels of relationship marketing, also known as relational bonds. Relationship bonds are beneficial links that connect customers to firms (Holmlund and Tornroos, 1997; Liljander and Roos, 2002;Talluri and Van-Ryzin, 2004). Storbacka et al (1994: 25) define bonds as "exit barriers that ties a customer to the service provider and maintains the relationship". Liljander (2000) views relational bonds as one, which consists of relational benefits, that is, the reward a customer perceives in a relationship in addition to the product value. Bitner et al (1997) emphasise that relational bonds are used by firms to build and maintain long lasting relationship with customers and as a means of sustainable competitive advantage to the firm. These bonds are built based on the behaviour, identity, and willingness of both parties to collaborate in creating mutual benefits (Hakansson and Snehota, 1995; Ang and Buttle, 2006). Several types of relational bonds have been extensively discussed in the business literature. For instance, the literature on industrial marketing identifies six types of relational bonds: social bonds, knowledge, legal, and economics, planning, and technological.

In service marketing literature Liljander and Strandvik (1995) discuss four additional bonds; cultural, ideological, psychological and geographical. Social bonds, technological, knowledge, planning and legal should be viewed as exit barriers that are managed by the firm because customers might view this type of bonds negatively, while the other five bonds are positively connected to customers because the firm cannot manage or measure the customers' perceived value. Wilson (1995) and Holmlund and Kock (1996) argue that social and structural bonds are widely discussed in business literature than the other types of bonds because they play a vital role in the development of business relationships. However, other literature highlights that firms group inter-organisational behavioural loyalty into three categories, structural, economic or financial and social bonds (Berry and Parasuraman, 1991; Holmlund and Tornroos, 1997; Berry, 2000). Successful relationships can be built and maintained in inter-organisational relationships by applying the concepts of structural, economic and social bonds (Hsieh et al., 2005; Wang et al., 2006), as shown in Table 5.

Table 5 The Three Dimensions of Relational Bonds

	DIMENSION	RELATIONAL CONCEPTS
RELATIONSHIPS	Structural	Links Ties Connections Institutional bonds
	Economic	Investments Economic bonds
	Social	Commitment Trust Atmosphere Attraction Social bonds

Source: Holmlund and Tornroos (1997)

Holmlund and Tornroos (1997) explain that in structural bond, Links refer to the activity partners perform and how they are interlinked and interdependent. Ties refers to how partners are tied together to share resources. Connection refers to the connection between business networks and other relationships. Institutional bonds are connected relationships in a business network that involves institutional actors like the government, manufacturers and other stakeholders. They suggest that in Economic bond, investments are connected to value creation, profit expectations, and mutual gains. That is, investments are either made in monetary terms, technological and market or trust and commitments. The social bond refers to inter-organisational interactions. Although the relational concepts are grouped into three dimensions, it however shows that they are interconnected in the creation of relationship quality, which is explained in the section that follows.

2.6.3 Relationship Quality

Relationship quality was first introduced in 1985 by Ever Gummeson to researchers and practitioners in the business field and has become the foundation of relationship marketing aimed at identifying, establishing and maintaining and retaining actors in a business relationship and ending the relationship when necessary (Vieira, 2009). There is no consensus on the definition of relationship quality in business marketing. This is because researchers and practitioners assume that there is a general understanding of what relationship quality entails (Henning-Thurau, 2000). Holmlund (2001:15) defines relationship quality in business-business context as the "joint cognitive evaluation of business interactions by significant individuals in both firms in the dyad, comparatively with potential alternative interactions". Smith (1998:78) defines relationship quality as "an overall assessment of the strength of the relationship and the extent to which it meets the needs and expectations of the parties based on a history of successful encounters or events". The former defines relationship quality in terms of cooperation between business networks involved in an inter-organisational relationship. While the latter defines relationship quality based on the individual perceived value of the inter-organisational relationship.

Due to the shift in the system of marketing, relationship quality has been identified as an instrument that firms' can employ in gaining customer loyalty and remain competitive (Shaimaa and Doma, 2013). Firms can retain their customers by monitoring their relationship quality through product value and quality and relational programmes (Roberts et al., 2003). There have been debates on the nature and determinants of relationship quality among researchers. Woo and Ennew (2004) point out that although there is no consensus in this area, however, the construct of relationship quality comprises of multi-dimensional constructs as shown in Table 6.

Table 6 Dimensions of Relationship Quality

Authors	Definition	Dimensions
Crosby et al (1990)	The ability of a customer to rely on the salesperson's integrity and has confidence in their future performance based on past satisfactory performance.	Trust and Satisfaction
Smith (1998)	Relationship quality is the general review of relationship strength and the extent to which the relationship meets the needs and desires of the partners involved based on past positive or negative encounters or events.	Trust, Satisfaction, and Commitment
Hennig-Thurau (2000)	None	Product quality, Trust, and Commitment
Hennig-Thurau et al (2002)	Relationship quality is a higher-order construct that encompasses key components that reflects the general nature of the buyer - seller relationship.	Satisfaction and Commitment
Hewett et al (2002)	None	Trust and Commitment
Kumar et al (1995)	Relationship quality consists of conflict, trust, commitment and willingness to invest in the relationship and expectation of continuity.	Conflict, trust, commitment and willingness to invest in the relationship and expectation of continuity
Garbarino and Johnson (1999)	Relationship quality is the general depth and climate of inter-firm relationship.	Trust, Fairness, and Opportunism
Dorsch et al (1998)	Relationship quality is made up of elements that encompass trust, satisfaction, commitment, minimal opportunism, customer orientation and ethical profile.	Trust, Satisfaction, Commitment, Minimal opportunism, customer orientation and ethical profile
Naude and Buttle (2000)	None	Trust, Power, Integration, Mutual understanding of needs and profit
Dwyer et al (1987)	Relationship quality is the degree of satisfaction and trust among partners and minimal opportunism.	Trust, Satisfaction and Minimal opportunism.
Woo and Ennew (2004)	Relationship quality is the evaluation of buyer- seller relationship and focuses on the identification of construct.	Cooperation, Adoption, and Atmosphere
Hennig-Thurau and Klee (1997)	Relationship quality can be defined as the degree of appropriateness of a relationship in meeting customer needs as part of the relationship.	Performance related perception of product or service quality, Trust, and Commitment.

Source: Author's Compilation

Research has placed more emphasis on trust, satisfaction, and commitment as the three dimensions of relationship quality because they are interrelated (Hennig-Thurau et al., 2002; Woo and Ennew, 2004; Palmatier et al., 2006). These three key dimensions are further explored below.

2.6.4 Trust

The concept of trust has been extensively discussed in the field of marketing, social sciences and psychology literature over the years. Despite the numerous researches on the concept of trust, researchers disagree on the nature and definition of this concept (Seppanen et al., 2007).

The nature and concept of trust have been defined from different perspectives in social sciences. Young-Ybarra and Wiersema (1999) define trust in their theoretical framework with the combination of transaction cost economics and social exchange theory, while Sako and Helper (1998) combine economic, psychological, and sociological theories in their definition of trust. Blomqvist (1997) cites that trust is viewed from a social psychological stance as either allowing oneself to be in a vulnerable position relative to another, while possessing some knowledge of the other that inspires trust in his goodwill or as a personal trait. Baier (1986), views trust in a different context, such as being unconscious, unwanted or forced or as a situation whereby the trusted is unaware. It is also viewed as being made up of mutual confidence and understanding whereby partners such as buyers and sellers keep to their own end of the agreement or promise. While other economist view trust as an intangible aspect of a relationship that cannot be traded physically in the market (Blomqvist, 1997). Below is a summary definition of trust by some researchers.

Table 7 Definition of Trust

Author	Definition
Anderson and Narus (1990: 45)	The firm's believe that another company will perform actions that will result in positive outcomes for the firm as well as not taking an unexpected action that result in a negative outcome.
Huang and Wikinson (2013:1)	Trust is the willingness to rely on an exchange partner in whom one has confidence based on a belief, sentiment or an expectation about an exchange partner that results from the partner's expertise, reliability and intentionality.
Mayer et al (1995:712)	Trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.
Morgan and Hunt (1994:23)	Trust exists when one party has confidence in an exchange partner's reliability and integrity.
Moorman et al (1992:315)	Trust is the willingness to rely on an exchange partner whom one has confidence.
Sako and Helper (1998:388)	Trust is an expectation held by an agent that its trading partner will behave in a mutually acceptable manner and will act fairly when the possibility for opportunism is present.
Young-Ybarra and Wiersema (1999:443)	Trust is based on three components: dependability (expectation that the partner will act in the alliance's best interests), predictability (consistency of actions), and faith (partner will not act opportunistically).

Author's Compilation

From a business perspective, Wang et al (2006) confirm that trust is an essential element in the developmental stage of business relationships. Huang and Wilkinson (2013) explain that due to the challenges faced by firms in their business environment, they now seek alternative solutions such as collaboration in addressing issues like competition. They identified trust as one of the key dimensions that play a vital role in the development and sustenance of long-term collaborative business relationships. Garbarino and Johnson (1999) suggest that the higher the trust a customer has for an organisation, the more confident he or she becomes towards their product quality and service reliability. Trust is viewed from two perspectives, either as a confident belief/expectation or as a willingness / intention to depend on the trustee. Trust can only exist in business relationships when the parties involved possess a combination of both belief and behavioural intention (Moorman et al., 1992; Dickey et al., 2008). Blomqvist and Seppanen (2003) stresses the importance of trust in SMEs' business environment. They validate that it enhances effective communication, information sharing and conflict management, inter-organisational partnership and collaboration of all business networks. Though the definition and nature of trust vary from one researcher to another, however, they agree that the concept is an important component of relationship quality. This study views trust as credibility and reliability among partners in a business relationship.

2.6.5 Satisfaction

The concept of customer satisfaction is the second construct of relationship quality in business relationships, which has been extensively discussed in marketing literature (Eggert and Ulaga, 2002; Helgesen, 2007). Researchers have identified customer satisfaction as the major determinant of customer behaviour towards a product or service in terms of repurchase intentions, word-of-mouth or loyalty (Ulaga and Eggert, 2006). Caceres and Paparoidamis, (2007) observed that one of the principles of relationship marketing is to enhance customer satisfaction and firm performance through a successful business relationship. In view of this, Crosby and Stevens (1987) identify three levels of relationship satisfaction: interactions with personnel, core service, and the organisation. They elaborate further that all three components contribute to overall satisfaction in business relationships. Giese and Cote (2000) suggest that despite numerous efforts by marketing researchers to measure and explain customer satisfaction, there still does not exist a uniformly accepted definition. Satisfaction is an affective state of mind resulting from the evaluation of all aspects of business relationships (Geyskens et al., 1999: 223). In the context of business-to-business relationships, Anderson and Narus, (1990:45) define satisfaction as the “positive affective state resulting from the evaluation of all aspects of a business relationship between a firm and its partners”. Furthermore, Johnson and Fornell (1991) define customer satisfaction as the overall evaluation of a firm’s daily performance in terms of product (service) offering. Satisfaction has a huge influence on the effect of product quality, service quality and price equity on loyalty (Gustaffsson et al., 2006).

Satisfaction in business relationships can be determined by subjective (customer need and emotions) and objective factors such as; product and service expectation (Huiqun and Xin, 2009). Despite the numerous definitions of satisfaction, Anderson (1994) notes that the easiest way of defining customer satisfaction is by adopting the expectancy-disconfirmation paradigm, which is built on the foundation of cognitive dissonance theory (Elkhani and Bakri, 2012). Satisfaction in business relationships is influenced by the expectancy-disconfirmation paradigm, which states that the level of customer satisfaction is determined by their perceived value and expectation of a product or service (Ulaga and Eggert, 2006). In other words, if the product or service meets the customer's expectation (confirming), or if the product or service exceeds the customer's expectation, then he or she is satisfied (positively disconfirming) and finally, when it does not meet the customer's expectation, then he or she is dissatisfied (negatively disconfirming).

Anderson and Narus (1990) explain that customer satisfaction is affective and can be measured or compared to an objective or rational evaluation of the outcomes. Selnes (1998) argues that the expectancy-disconfirmation paradigm does not distinguish between the types of expectations; as a result, it does not differentiate between expectations towards the core product or service and the seller’s expectation. Furthermore, Payne and Holt (2001) argue that apart from the expectancy-disconfirmation paradigm, customers can also evaluate relationship satisfaction in terms of values rather than expectation. Walter et al (2003) note that in industrial markets, customer satisfaction develops over time and it is influenced by the product quality and perceived value “attribute satisfaction” rather than expectations. Therefore, customer satisfaction from an industrial marketing perspective is the customer’s subjective satisfaction state resulting from their evaluation of the quality performance of the product or service purchased from an industrial firm.

2.6.6 Commitment

Commitment is the third construct of relationship quality. There are numerous research perspectives in marketing literature on the role of commitment in business relationships. The concept of commitment, according to Morgan and Hunt (1994) originated from two disciplines; social exchange and organisational behaviour. Porter et al (1974:604), defines commitment from an organisational perspective as the “strength of an individual’s identification with their involvement in a particular organisation”. Moorman et al (1992) defines commitment as the ability to endure and maintain a valued business relationship with partners. Morgan and Hunt (1994:23) also define relationship commitment as an “exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it”. That is, the committed party believes the relationship is worth working on in order to ensure that it is successful and last longer. Accordingly, Morgan and Hunt (1994) affirm that commitment is one of the keys to successful long-term business relationships because it is vital in preserving relationship investment through collaboration between exchange partners; it also encourages long-term relationship with existing partners over attractive short-term alternatives.

Kelly (2004) suggests that commitment is made up of three essential components in business relationships: instrumental commitment (which can be perceived by partners as either rewards or punishment), affective commitment (which is caused by emotional attachment), and normative commitment (which is a form of attachment influenced by obligation). Sayani and Swamy (2014) cite that instrumental commitment can also be viewed as calculative commitment. Fullerton (2005a, 2005b) points out that researchers in marketing field consider affective and instrumental as the only components of commitments. According to Fullerton (2005a:99), the reason for omitting the normative process in marketing literature is; firstly, “the effect of normative commitment has been almost in the same direction and weaker than the effect of affective commitment when these constructs have been examined in organisational behaviour literature”. Secondly, “normative commitment is usually highly correlated with affective commitment and some researchers in organisational behaviour have questioned the extent to which it is a distinct construct”. Commitment, according to Fullerton (2003, 2005a) is viewed as affective construct amongst researchers in the field of relationship marketing and it is treated as a psychological or attitudinal process.

Garbarino and Johnson (1999) highlight three other elements of commitment that enhance long-term business relationships: psychological or behavioural attachment, investment commitment, and intentional commitment. Sayani and Swamy (2014) explain that commitment is a two-dimensional concept of time and nature. The first dimension, which is time of commitment, consists of the pre-entry and post-entry commitment to an organisation. They rendered that normative commitment is a form of pre-entry because it is influenced by personal perception about an organisation or intended partners prior to entry. While post-entry commitment focuses on what the actual commitment means to the relationship. The second dimension, which is nature of commitment, is made up of two constructs: instrumental and affective process, which is influenced by a previous relationship encounter with the organisation. Fullerton (2005a) explains that high levels of shared value, attachment and recognition influences commitment from a customer perspective in sustaining or renewing business relationships. Parsons (2002) cites that commitment between partners is vital in achieving the success of set goals and sustaining the business relationship over time. Roberts et al (2003) suggest that dedicated commitment between partners in business relationships can eliminate or reduce the challenges faced in the relationship.

2.6.7 Frameworks and Models in Understanding the Nature of Relationships

In recent years, researchers have come up with different frameworks and models in understanding the nature of relationships existing between firms in business markets. The focus has been mainly on the dyadic research of buyer-seller relationships, such as social-exchange theory/relational exchange theory, which originated in the late eighties; and more recently the interaction/network theory by the International Marketing and Purchasing (IMP) Group, which provides an insightful perspective to understanding buyer-seller relationships in complex networks (Anderson et al., 1994; Fill and Fill, 2005).

Social Exchange Theory/Relational Exchange Theory

Social exchange theory (SET) encompasses a sequence of interaction that leads to commitments, these interactions are reliant on the role and actions of the parties involved, which could generate superior relationships (Emerson, 1976, Cropanzano and Mitchell, 2005).

Lefaix-Durand et al (2005) discuss that SET is focused on the nature of relational governance mechanisms rather than contractual governance mechanisms. In the context of business markets, social exchange theory shows that inter-organisational relationships are motivated by self-interest and expected outcomes, which could be tangible and intangible rewards. Relational governance mechanisms are developed over time through exchange interactions that rely on relational norms.

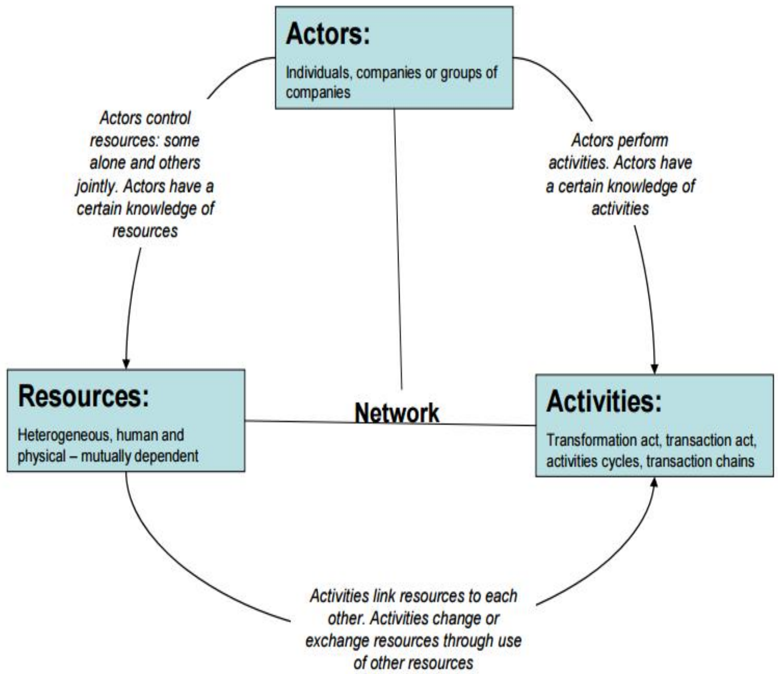
Relational exchange is built on the foundation of high levels of cooperation, joint planning, commitment and mutual adaptation to the needs and wants of partners involved in the exchange (Hallen et al., 1991; Gundlach, 1994). SET and relational exchange theory (RET) frameworks are mostly adopted by researchers aiming to explain the developmental process of relationships (for instance the development of SMEs' inter-organisational relationships in the Nigerian textile industry). However, both theories have also been criticised on the basis that: (1) it is unrealistic because partners do not have equal powers, as one party tends to exploit the other; (2) the theories fails to provide a clearer explanation that relational governance can surpass formal governance; (3) it fails to explain the development of relationships in short-term relational exchange; (4) it ignores the dissolution process of inter-organisational relationships (Wulf and Odekerken-Schroder, 2001; Lambe et al., 2001); and (5) both theories only take into account one side of the buyer-seller dyad, instead of both sides of the dyad (Joshi and Stump, 1999).

The Interaction/Network Approach

The interaction approach was developed by the Industrial Marketing and Purchasing (IMP) Group in the 1980s to address issues relating to buyer-seller relationships in industrial markets with an interaction framework (Metcalf et al., 1992). The conceptual framework shows that transaction can only be viewed or analysed as a series of long-term oriented exchange occurring in inter-organisational relationships (Hakansson, 1982; Lefaix-Durand et al., 2005). That is, it focuses on the relationship between buyers and sellers as the central unit of analysis rather than the individual transaction (it focuses on a single relationship or dyad between buyers and sellers), whereby both actors are viewed as active members of the dyadic relationship. Interaction approach recognises marketing as a two-sided activity between buyers and sellers who are actively involved in the relational exchange (Ford, 2004; Ballantyne and Williams, 2008). Hakansson (1982) list four variables that distinguish the nature of interaction between buyer and seller firms in the IMP interaction approach: (1) the components and process of interaction; (2) the actors involved in the interaction; (3) the business environment where the interaction occurs; and (4) the factors or condition affecting and influencing the interaction (Saloheimo, 2008). Further studies on the interaction approach led to the discovery of the network approach. Ford and Hakansson (2006a) define network as the interactive exchange link between two or more firms in a business market.

The ideology of the network approach is that firms are connected to one another through exchange capabilities of relationships, such as information exchange, goods, financial and social exchanges and technologies (Gronroos, 1994; Ford and Hakansson; 2006b; Ford et al., 2008). Andersson and Helander (2009) explain that the focus of the network approach was originally on buyer-seller relationship, but it developed over time, and the focus later moved towards a larger network involving more than two players. IMP network approach focuses on the inter-organisational relationships among firms in business markets and has used interaction models such as; ARA-framework in analysing dyadic relationships and networks (Gebert-Persson et al., 2014). Goduscheit (2007) discuss that the ARA framework of inter-organisational network is made up of three components: (1) Activities, which refers to the activities being carried out in the network; (2) Resources, refers to the resources brought into the network by different actors; and (3) Actors, refer to the organisations or individuals involved in the network as represented in Figure 5.

Figure 5 The ARA Framework of Inter-Organisational Network



Source: Goduscheit (2007)

Saloheimo (2008) notes that the structure of the ARA framework in business relationships is based on value creation; it is a continuous process of exchange, which is controlled by actors in the network. It also consists of historical processes such as past, present, and future of the interactive relationship. Business organisations are viewed as heterogeneous from an IMP perspective, a situation whereby both customers and suppliers are involved in the process of interaction and exchange with each other (Hakansson and Snehota, 1995; Anderson et al., 2006; Ford and Hakansson, 2006a). Business networks are determined by the connection of relationship actors (Ritter and Ford, 2004), understanding the relationship between different actors is important in analysing network because these relationships are characterised by continuity, multiplicity, and specificity (Andersson et al., 2002). Through interaction over-time, long-term relationships evolve based on mutual knowledge, trust and commitment among actors in the network (Anderson et al., 1998; Andersson et al., 2002; Gebert-Persson et al., 2014). Ford et al (2002:4) argue that “there is no single, objective network; there is no correct or complete description of it. It is not the company network. No company owns it. No company manages it, although all try to manage in it. No company is the hub of the network. It has no centre, although many companies may believe they are at the centre”. Hence, it is difficult to understand because it is not controlled by a single actor (Anderson et al., 1998). However, all actors in a relational network have their individual pictures or image of the network, which is the basis for their perception of the business environment, and it influences their behavioural attitudes and reactions in the business network (Ford et al., 2002). Thus, there are different perceptions of what constitutes an SME in the Nigerian textile industry and the different stakeholder interests.

The IMP network approach focuses on the on-going interactions between organisations or individuals and the history of their relationships in the network. Networks create an opportunity for SMEs' to gain resources such as technology and knowledge through cooperation and collaboration with other organisations or individuals in the network (Svahn and Westerlund, 2007). The major challenges faced by SMEs' today are the inability to acquire resources to fund their growth, as a result networks can create an avenue for sustainable competitive advantage, collaboration and exchange of resources (Gilmore et al., 2006; McGrath and O'Toole, 2011). According to McGrath and O'Toole (2011), there are many factors controlling SMEs' marketing through networks such as the coordination of resources, which is at the heart of the network process, internal and external resources, communication, joint decision-making and knowledge sharing. Network relationships need to be nurtured over time by making short-term sacrifices for a long-term benefit. However, within SMEs' context, they suffer from time constraints as a result; they may be unable to create time for the relationships. It is argued that SMEs' operating in a particular industry produces goods that are slightly different from each other which are mostly determined by customer demands (Carson, 2002). Exchange of resources in SMEs' networks through business relationships and collaborative value creation can reduce the time taken to develop new product ideas (McGrath and O'Toole, 2011).

There have been a number of criticisms of the network approach for instance: (1) it concentrates mainly on large manufacturing firms and rarely reflects the application of networks in SMEs' business markets (Nummela, 2002); (2) it does not discuss how relationship is being created among actors in the network (Andersson, 2002); (3) it also fails to recognise how firms can overcome challenges faced in business markets through their network of relationships (Chetty and Holm, 2000); (4) it does not discuss the significance of decision makers and firm characteristics (Vissak, 2004) (5) the network approach neglects other external factors and actors such as the role of the government in making economic policies(Chetty and Holm, 2000; Chetty and Wilson, 2003; Vissak, 2004), domestic competition, relationship with competitors and other stakeholders (in the case of the Nigerian textile industry; trade unions, universities amongst others). Social exchange theory/relational exchange theory and the interaction/network approach fails to yield insight into the developmental process, maintenance and the role of multiple actors such as stakeholders in SMEs' inter-organisational relationship. The next section discusses the concept of value and the role of value creation in business relationships.

2.7 The Concept of Value

The concept of value has been a subject of interest to researchers, institutions, producers, and customers (Payne and Holt, 2001). Vargo et al (2008) state that the concept of value dates back to Aristotle, who first distinguished between the meanings of ''value-in-exchange'' and ''value-in-use''. There is no clear definition of value. Elg and Gustafsson (2008:7) discuss that "value is something that is undefined and the amount of value a product or service offer is how it is perceived by the customer". That is, value can only be defined in the context in which it is being used by the assessor, when it is done, the circumstances and the purpose for which it is being done (Fosstrom, 2005). Value is the difference between the benefit received from a product and the cost paid in purchasing a product. Moller and Torronen (2003) explain that most researchers prefer to define value in monetary terms. Dixon (1990) suggests that Medieval Schoolmen were the ones who made value of importance in economic analysis. They argued that economic value originated from the needs of consumers. Dixon (1990) mentions that product's value arises from their use and these "use" are to supply consumer wants and needs. Others prefer to define it in non-monetary benefits and sacrifices, such as social relationships, knowledge, competitive advantage and competencies. Most researchers have expressed difficulties in defining value, arising from the subjectivity of value to variations between and within customers, cultures, as well as differences in situations such as pre-and post-purchase behaviours between tangible and intangible services and the dynamism of the concept of value that has evolved over time (Chernatony et al., 2000).

Forsstrom and Tornroos (2005) maintain that value can be viewed as complex, dynamic and subjective. They also suggest that in buyer-seller relationships, monetary value is a tangible aspect of value creation. Anderson and Narus (1998) indicate that customers can value a particular product differently. In this view, firms have been called upon to deliver customer value as a means of competitive advantage (Ng et al., 2010), as it is difficult to define because it is an internal process (Gronroos, 2000). Anderson and Narus (1998) note that in business markets, value is the perceived worth in terms of economic, technical, monetary, service and social benefits received from the buyer in exchange for the price paid for a product offering. Forsstrom (2005) defines perceived value in inter-firm relationship as the differences in perceived benefits and perceived sacrifice. Customer perception of the value of a product is mainly influenced by their personal values, needs, wants, and finance. Perceived values are things such as superior product quality, branding image, tailoring and supporting services, at long-term relationship level (Ravald and Gronroos, 1996). However, issues such as dialogue, access, risk-benefit, transparency are necessary to increase trust for firms and thereby encouraging and maintaining customer loyalty (Ravald and Gronroos, 1996; Prahalad and Ramaswamy, 2004a). Furthermore, Eng (2005) discusses from a business relationship perspective that the assessment of value is more complicated because relationship value resides in the network; hence, interdependent resources are influenced and controlled by each firm in order to create value.

2.7.1 Value Co-Creation

In the traditional system of marketing, the role of the producer differs from that of the customers. That is, the producer focuses on the production of goods and services while the role of the customer is based mainly on consumption. Unlike the traditional system of marketing where the producers dictate what goods and services are to be produced for consumption by the customers without their input. Gronroos and Voima (2012) argue that value creation does not have a clear definition. Consequently, research on service-dominant logic refers to value creation as “co-creation”, a process that involves the producers, customers and other actors such as the government and shareholders in co-creating value. Prahalad and Ramaswamy (2004a) assert that in value co-creation, producers and customers play a vital role in the process of value creation by working together. This is because the success or competitive advantage of a firm is dependent on the ability of the firm to be innovative and create superior value than their competitors (Porter, 1985; Prahalad and Ramaswamy, 2004b; Adner and Kapoor, 2010). According to Gronroos (1979 in Gronroos, 2011:240) “service logic of the Nordic School of marketing thought, customers use resources made available to them in usage processes, where the use of these resources renders value for them. Goods, service activities, information and other kinds of resources are used in on-going relationships by customers in their manufacturing, administrative, logistical, financial and other processes so that customer value is created for them in those processes". Service-dominant view of marketing suggests that customers are co-creator of value; as a result, they are involved in every step of the decision-making process of goods and services.

Goods Dominant Logic and Service Dominant Logic in Value Co-Creation

Vargo and Lusch (2008) discuss that service-dominant logic (S-D logic) is the basis of exchange of service resulting from value co-creation. Spohrer et al (2007) elaborate further that in service-dominant logic, service is exchanged for service. For example, tangible goods and services are like instruments that can be used in the provision of service. Vargo and Lusch (2006) clarify that S-D logic is a new dominant logic, which replaces goods dominant logic (G-D logic). The origin of G-D logic can be traced back to the work of Smith 1776, which was developed from economic philosophy and science. Smith's earlier work defined real value based on the amount of labour needed to achieve value-in-use. He defined 'labour' in the context of his work as the development of set skills and knowledge that can be applied in achieving benefit and also used in exchange which involves the use of less physical labour (Vargo and Lusch, 2004; Lusch and Vargo, 2006; Vargo and Lusch, 2008; Vargo and Akaka, 2009). Vargo et al (2008:146) state that "in G-D logic, value is created (manufactured) by the firm and distributed in the market, usually through the exchange of goods and money, from this perspective the roles of ''producers'' and ''consumers'' are distinct, and value creation is often thought of as a series of activities performed by the firm". In other words, G-D logic is based on the belief that value is achieved through exchange. Unlike the traditional view of dominant logic, the new dominant logic is based on the value-in-use meaning of value. That is, in S-D logic value is co-created by the producers and customers or consumers through information sharing and collaborative planning (Vargo and Lusch, 2008). Although the Nigerian textile industry is predominantly, goods based. Conversely, this study believes that one way of regaining and sustaining the industry's competitiveness is through the application of the S-D logic with the inclusion of other stakeholders. Table 8 shows a comparison between G-D logic and S-D logic in value creation.

Table 8 G-D Logic vs. S-D Logic on Value Creation

	G-D Logic	S-D Logic
Value driver	Value-in-exchange	Value-in-use or value-in-context
Creator of value	Firm, often with input from firms in a supply chain	Firm, network partners, and customers
Process of value creation	Firms embed value in "good" or "service", value is added by enhancing or increasing attributes	Firms propose value through market offering, customers continue value-creation process through use
Purpose of value	Increase wealth for the firm	Increase adaptability, survivability and system wellbeing through service (applied knowledge and skills) of others
Measurement of value	The amount of nominal value, price received in exchange	The adaptability and survivability of the beneficiary system
Resources used	Primarily operand resources	Primary operant resources, sometimes transferred by embedding them in operand resources-goods
Role of firm	Produce and distribute value	Propose and co-create value, provide service
Role of goods	Units of output, operand resources that are embedded with value	Vehicle for operant resources, enables access to benefits of firm competences
Role customers	To 'use up' or 'destroy' value created by the firm	Co-create value through the integration of firm-provided resources with other private and public resources

Source: Vargo et al (2008)

S-D logic is a service centred notion which views market exchange as a process whereby individuals such as producers, firms, government agencies, stakeholders, employees, consumers and customers amongst others can use their skills and knowledge to achieve a common goal or benefit (Vargo et al., 2008; Vargo, and Lusch, 2008; Vargo and Akaka, 2009). Vargo et al (2010) suggest that S-D logic is built on the notion of exchange service (such as process) or services (for example, intangible aspects of goods and services). S-D logic is built on ten foundational premises as illustrated below in Table 9.

Table 9 Foundational Premises of S-D logic

Premise Number	Foundation Premise
FP1	Service is the fundamental basis of exchange.
FP2	Indirect exchange masks the fundamental basis of exchange.
FP3	Goods are a distribution mechanism for service provision.
FP4	Operant resources are the fundamental source of competitive advantage.
FP5	All economies are service economies.
FP6	The customer is always a co-creator of value.
FP7	The enterprise cannot deliver value, but only offer value propositions.
FP8	A service-centred view is inherently customer oriented and relational.
FP9	All social and economic actors are resource integrators.
FP10	Value is always uniquely and phenomenological determined by the beneficiary.

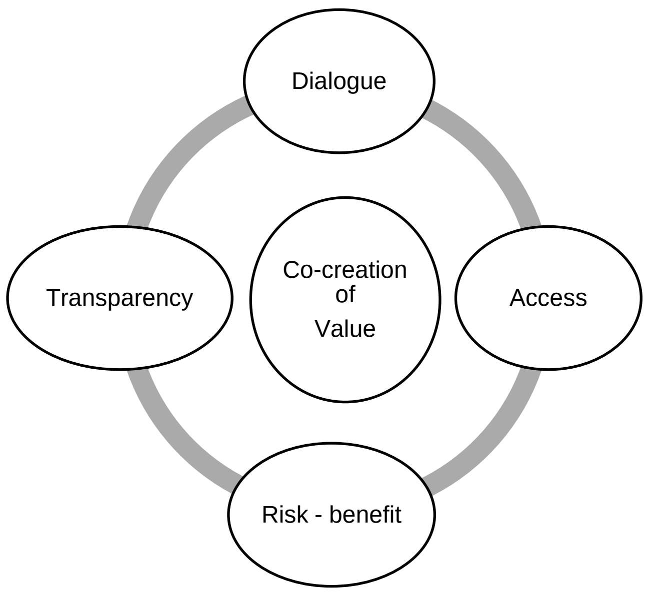
Source: Vargo and Lusch (2004)

2.7.2 The Role of Value Creation in Business Relationship

Previous studies have tried to identify the nature of value in inter-organisational relationships. These studies have been centred on the concept of relationship value (Ulaga, 2003; Pimpa, 2008). In business relationships, value is viewed as a combination of customers perceived worth in monetary units of the set of economic, technical, service and social benefits or strategic and behavioural benefits (Pimpa, 2008), in exchange for the price paid for a product offering compared to that of other suppliers (Anderson et al., 1993, Corsaro and Snehota, 2010). In other words, customers perceived value is the overall assessment of the utility of a relationship with a firm based on perceptions of benefits received and sacrifices made (Menon et al., 2005). Value creation has become an integral part of inter-organisational relationships. Parry et al (2012) assert that customer relationship is a fundamental part of business success as a result, the concept of customer perceived value has attracted much attention in the academic community. According to Walter et al (2001), studies show that firms who pay more attention to selected customers through long-term relationships make more profit by reducing their discretionary costs to a greater extent than those firms who adopt the transactional system of marketing.

Parry et al (2012) discuss that having a strong relationship does not determine a successful relationship in business networks. That is, the perception of partners involved in the relationship varies. For example, a firm's value of a relationship may be of lesser importance to the customer who has a choice of suppliers, hence the need to build and maintain a relationship that will be highly valued by partners involved. Creating superior customer value has been identified as the key to long-term success and survival of firms, it creates an atmosphere of competitive advantage with optimum results amongst firms in the business market (Woodruff, 1997; Anderson and Narus, 1998; Ulaga, 2003). In business relationships, value is created based on the customer's perceived value (perceived value is the worth of a product or service in the mind of a customer or consumer) and actual value (the actual worth of the product or service) of the products and services being offered to the customer (Ulaga and Eggert, 2006; Haas et al., 2012). The process of co-creating customers' voice involves three steps (Lusch and Vargo, 2006: 284); the first step involves both the firm and the customer making an effort in learning from each other. The second step involves the needs, wants, capabilities and priorities of the customer as well as those of the firm being a subject of learning. The third and final step involves the firm and the customer jointly deciding on the production process like the design or configuration of the product or services. Co-creating the voice of customers cannot be successful without dialogue between firms and stakeholders. Prahalad and Ramaswamy (2004a), note that there are four building blocks that enhances the relationship between producers and their customers in the process of value co-creation and these are dialogue, access, risk assessment and transparency (also known as the DART Model as shown in Figure 6 below).

Figure 6 DART Model of Value Co-Creation



Source: Prahalad and Ramaswamy (2004a)

Dialogue involves the interaction between producers and customers. That is, there must be a mutual understanding between producers and customers in order to enhance the co-creation experience. Dialogue between both parties can successfully be achieved if customers have the same access and transparency to information (Levine et al., 2001; Prahalad and Ramaswamy, 2002; Prahalad and Ramaswamy, 2004a). In other words, dialogue in the process of value co-creation can only be achieved if customers have access and transparency to information such as company policies, online information about the company. Furthermore, Prahalad and Ramaswamy (2004a) validate that dialogue, access, and transparency give the customer a clearer understanding of the risk-benefit associated with their actions and decisions.

Studies indicate that a successful dialogue can only occur between partners involved in a business relationship when the following factors are considered: (1) Trust - for a dialogue to be successful, both parties involved needs to trust each other. Meaning, both partners must respect the ideas and comments of the other party and should be able to come to a mutual understanding (Prahalad and Ramaswamy, 2002); (2) Improving the quality of dialogue rather than dialogue-based interactions can strengthen trust between firms and customers (Ballantyne, 2004); (3) Value placed on the other's insight – for a co-created and mutual understanding to occur between firms and customers, it is very important that both parties involved, values each other's insights and perspectives (Griffin and Hauser, 1993); (4) Complementary skills and perspective – both parties tends to develop lots of respect and value for each other as a result of dialogue in which one party appreciates the other party's competence, skills, capabilities, and perspectives (Vargo and Lusch, 2004); (5) Depth of knowledge – in addition to complementary skills, it is very important that both firms and customers have a good knowledge of the subject matter of their dialogue. Without knowledge of the subject matter, it is impossible to efficiently co-create value (Ellinor and Gerard, 1998); and (6) Opportunity cost – according to Lusch and Vargo (2006), it refers to the loss of revenue and profits due to the firm's involvement in the process of customers' value creation as opposed to doing a random market research and developing products and services that barely meets customers' satisfaction.

Other authors consider value as a contribution to increased performance (Walter et al, 2001), Gronroos (2000) explains that for value to occur in business relationships, there have to be interactive contacts between the parties involved. Haas et al's (2012) study show that the process of value creation in business relationships can be characterised in four categories based on marketing literature on relationship value. These are Jointness, Interacted Value, Balanced Initiative and Socio-Cognitive Construction as illustrated in Table 10.

Table 10 Relationship Value Creation as an Interactive Process	
Jointness	Value in business relationship does not originate from the object of exchange; rather it originates from connecting and linking resources, activities, firms or producers, customers and other organisations that are parties in the relationship.
Balanced Initiative	The supplier and seller can actually control and influence the marketing process through their resources and competences for their own benefit by producing value.
Interacted Value	Continuous interactions between sellers and buyers and other organisations produce emergent, novel solutions of value which have not been anticipated, but can be temporarily stabilised, by the interacting parties involved.
Socio-Cognitive Construction	Value is a product of individual perceptions rather than a function of the qualities or attributes of a certain offering or relationship.

Source: Haas et al (2012)

Forsstrom (2005) explains that value can be analysed from three different perspectives. Firstly, the relationship value which is much bigger than monetary values. Secondly, value created in a relationship is a trade-off between benefits and sacrifices. Thirdly, the value of an offering; value of an offering is the perceived worth in monetary terms that the customer or buyer is willing to pay for goods and services. Ulaga and Eggert (2006) study indicate that in business relationships, value can be created in three dimensions. Firstly, core offering, which involves quality of the product and delivery performance. Respondents in the study also identified product quality and delivery performance as the two factors of value creation with regards to core offering. Secondly, sourcing process and this involves service support and personal interaction. Thirdly, customer operations and this is associated with supplier know-how and time to market. Value in the past was more products orientated. Given that, producers focused more on the physical aspect of a product rather than the relational aspect of value. Parry et al (2012) note that partnership, alliances and networks are important parts of value creation in business relationships because it enables the supplying firm identify prospective customers and develop a relationship with them.

Dyer and Sigh (1998:662) note that alliances (between buyer-seller) can be possible through relational rents. They defined relational rent as “supernormal profit jointly generated in an exchange relationship that cannot be generated by either firm in isolation and can only be created through the joint idiosyncratic contributions of the specific alliance partners”. In other words, relational rent is possible when the involved parties such as the buyer and seller combine their resources, knowledge sharing amongst others. Furthermore, they explained that these alliances or relational bonds are preserved because competing firms: (1) cannot ascertain what generates the returns because of causal ambiguity; (2) can figure out what generates the returns but cannot quickly replicate resources because of time compression diseconomies; (3) cannot imitate practices or investments because of asset stock interconnectedness (they have not made the previous investments that make subsequent investments economically viable) and because the costs associated with making the previous investments are prohibitive; (4) cannot find a partner with the requisite complementary strategic resources or relational capability; (5) cannot access the capabilities of potential partners because these capabilities are indivisible, perhaps having coevolved with another firms; and (6) cannot replicate a distinctive, socially complex institutional environment that has the necessary formal rules (legal controls) or informal rules (social controls) controlling opportunism/encourage cooperative behaviour.

Johsen and Ford (2006), note that value can also be created through interactions between firms, through long-term collaboration and sharing of resources. They discuss further that interactions between firms are a leading factor for development and competitive advantage of partnership. When there is a relational bond between parties involved in the interaction, each participant shares their resources in anticipation of generating equal benefits (Lavie, 2006). For example; in the context of this research, the Nigerian SMEs’ can provide human resources such as skilled and unskilled workers, while collaborating parties such as the government and foreign partners can provide technical resources. In summary, the literature above view value as a vital element of business relationships. However, most of these articles fail to include other perspectives such as the inclusion of other actors aside buyers and sellers in the process of value creation, thus are limited in their scope. The next section discusses a different perspective to value creation in inter-organisational relationships, which embodies the principles of relationship marketing and value co-creation through the creation of shared value.

2.8 Theoretical Framework: Creating "Shared Value"

The role of business in the society and the dangers involved in "social responsibility" has been recognised for some time (Neves, 2013). It is argued that the society is fully the responsibility of the government and not the firms. Carrol (1999) renders that the concept of corporate social responsibility (CSR) dates back to the 1930s and 1940s when it was referred to as "Social Responsibility" by authors such as Bernard (1938), Clark (1939) and Krep (1940). Dunne (2007) notes that although there are many definitions of CSR, the most recognised view or definition of CSR is that of corporate philanthropy, charity, and sponsorship. On the other hand, Kotler and Lee (2005:3) define CSR as "a commitment to improve community well-being through discretionary business practices and contributions of corporate resources". By "discretionary", they mean the act of voluntary commitment by businesses in implementing practices that describes them as socially responsible. World Council for Sustainable Development also defines CSR as the continuous contribution to sustainable economic development through better quality of life for their employees, their families, the local community where they operate and the society in general. The concept of CSR encourages accountability and opportunity for business innovation and has gained lots of interest amongst researchers in the field of management.

CSR originated due to public criticism of poor business practices of companies in the 1960s. In order to redeem their reputation, these companies started social responsibility programs; they defined their values and advertised these programs to inform people about the benefits it brings to the society (Lapina et al., 2012). House et al (2004) opined that businesses engage in CSR for different reasons based on moral or ethical grounds for strategic reasons, for example as a marketing tool to enhance their brands. Lapina et al (2012) argue that there have been debates centred on CSR, which examines why companies actually adopt the concept. They explain further on these debates suggesting that most businesses adopt the CSR initiative for selfish reasons such as making profit, while others adopt the concept for societal good. According to Lapina et al (2012:2), "the question remains what should be driving the social responsibility of businesses? Is creating value for the company the main driver, or is it the value created for the society?". Beckmann et al (2006) argue that Friedman's (1970) statement "the business of business is business" actually means, "Business of business is value creation". That is, the incorporation of CSR into business activities is a way of value creation. Firms have to be transparent in their process of value creation in a way that is most appropriate for their business and value creation should be the motivation behind the involvement of all businesses in CSR (Porter and Kramer, 2002; 2006).

Bonfiglioli et al (2006), note that one of the challenges faced by firms in terms of social responsibility is deciding how and where to focus their involvement with the society. However, Porter and Kramer (2011) argue that the problem faced by firms today in their business environment is due to their outdated view of value creation. That is, they view value creation narrowly, optimising for short-term financial performance while ignoring the most important customer needs and the broader influences that determines long-term success. Over the years, lots of pressure has been mounted on businesses through government policies and societies on the need to be transparent and fair in their business dealings in order to avoid scandals and sustain their competitiveness (Marrewijk, 2003). The idea is that businesses should not focus only on maximising profit, but they should also create social value through CSR. In this view, the role of business in the society has been subject to debates, especially on the impact their business activities have on socioeconomic and environmental issues (Carroll, 1999; Lee, 2008; Moore; 2014). Kbe and Cormack (2006) point that most discussions on the “role of businesses in society” focuses only on the business activities of firms without adequate consideration of the challenges they face in their business environment. In bridging the gap between business and society, the business environment through its stakeholders such as the government, universities, trade unions, customers, and numerous others need to also contribute to businesses creating social and economic value because businesses on their own cannot create socioeconomic value through CSR. This led to the concept of creating shared value (CSV), a new concept to socially responsible business practice (Porter and Kramer, 2006; 2011).

Bowe and Horst (2015) suggest that the concept of CSV is completely different from CSR because CSV is aimed at addressing social and economic issues within markets and value proposition rather than corporate duties and responsibilities. Furthermore, Lapina et al (2012:5) noted that there are five evident differences between CSR and CSV in terms of value, focus, profits, agenda, and financing. Details of which can be found in Table 11.

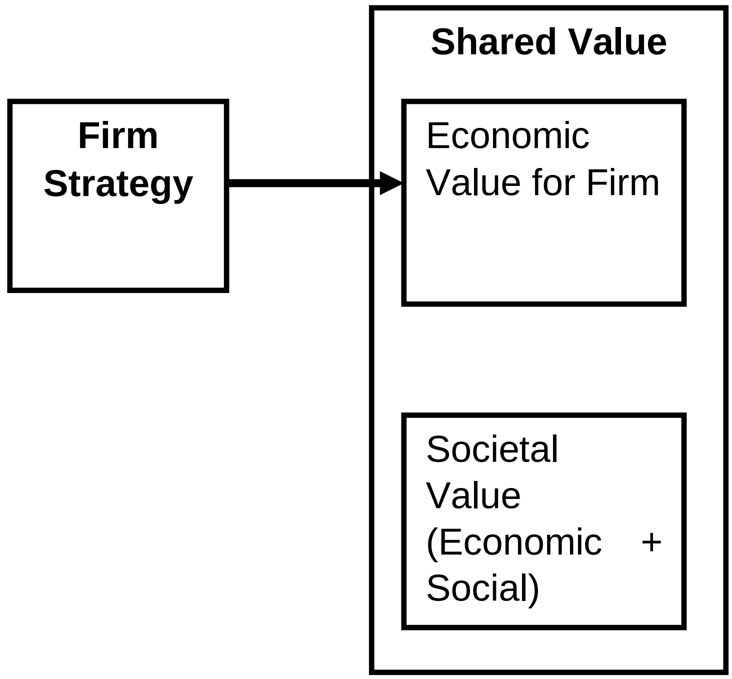
Table 11 Differences between CSR and CSV

	CSR	CSV
Value (s)	Is all about “doing good”.	Transformed into “economic and societal benefits relative cost”.
Focus	The idea of citizenship, philanthropy and sustainability.	Upgraded to joint company and community value creation.
Profits	Separate from profit maximization (CSR is often used as an additional way of protecting the positions in the market with the society).	Integral to profit maximization (CSV is an integral part of competitive strategy).
Agenda	Driven by external pressures and personal preferences.	Internally generated, company’s specific.
Financing	Limited to allocated “CSR budget”	Connected to entire company budget.

Source: Lapina et al (2012)

The concept of CSV suggests the creating of economic value while simultaneously creating value for the society. The origin of shared value concept can be traced to the definition of corporate culture in the 1980s, where shared value was defined as articulated organisational values that make a difference in employee lives and in their organisational performance. The definition has an element of shared value, which focuses on the interaction between employees and top management in adhering to the objectives and mission of the corporation. Amah and Ahiauzu (2014) define shared value as those beliefs, values, and expectations, which organisational actors hold. Meaning, organisations who adopt the concept of shared value into their business strategies creates an internal system of governance. Porter and Kramer (2011:2) define CSV “as policies and operating practices that enhances the competitiveness of company while simultaneously advancing the economic and social conditions in the communities in which it operates”. Looking at the above definitions; it is clear that Amah and Ahiauzu’s (2014) definition is quite vague because it focuses on internal stakeholders within the organisation. Whereas Porter and Kramer’s (2011) definition is quite broad because it allows the idea of multiple perspectives that focuses on both internal and external stakeholders. Hence, this study adopts Porter and Kramer’s (2011) CSV definition. The concept of shared value as shown in Figure 7 has the ability to unleash the wave of economic growth by attracting profit and competitive advantage to business as well as helping in solving societal issues.

Figure 7 Creating Shared Value Framework



Although CSV emerged from Porter and Kramer's (1999) research on how companies can create social value, especially in non-profit sectors, it has been extended to examine how corporate philanthropy can create social and economic value, looking at how CSV can be integrated into core business strategies. CSV condemns the role businesses play in failing to create societal value due to lack of firm strategy (Aakhus and Bzdak, 2012). Porter and Kramer (2002) suggest that instead of firms engaging in corporate giving to investors, and critics demanding huge sums of money because of CSR, they should be involved in corporate philanthropy, which is a cost-effective way for firms to enhance their competitive context. Aakhus and Bzdak (2012) believe that the shared value framework proposes that business and social value should be brought together through business strategy. In terms of firm strategy, Porter and Kramer (2011) do not really provide the stakeholders involved, so this makes the process of CSV open to multiple external players. This could involve other stakeholders such as; universities, government, trade unions, customers, and NGOs. Equally, Hax and Majluf (1986) hold that business strategy are those decisions a firm makes that reflects their policies, aims and aspirations to achieve set goals such as: (1) defining the kind of businesses the company will be involved; and (2) the type of economic and social organisation the company is and how the company can co-create value with their customers, shareholders, employees and communities.

CSV concept stresses that companies must address both economic and social issues by using the principles of value because companies have rarely approached societal issues from a value perspective rather they have been more concerned with making profits (Porter and Kramer, 2011). A growing number of businesses are already adopting the CSV concept by reconceiving the intersection between society and business performance. The suggestion is that the CSV concept will drive the next wave of innovation and increased productivity in the global economy. Spitzeck and Chapman (2012) note that shared value firms must first create value for themselves in order to enhance their competitiveness and then create value for the society by addressing societal issues in the environment in which they operate. Embedding CSV into business strategy in inter-organisational relationships go through five stages: partner selection, defining purpose, setting relationship boundaries, creating value and relationship maintenance (Powers and Reagan, 2007). Partner selection is the most important aspect of the relationship development process. That is, this step comes first before others. This stage focuses on the assessment of the quality of potential partners in developing a relationship. Defining purpose stage, identifies the aim of the relationship to which the development provides rules or contracts of the relationship that gives legitimacy between partners and there must be an understanding of the purpose of the relationship.

Setting relationship boundaries is the degree to which each party penetrates each other's organisation and achieve joint action. In other words, the level of satisfaction at this stage is determined by the efforts and resources committed to the partnership and collaboration by the parties involved in this process. Creating value is the process whereby the competitive abilities of both partners are being strengthened through their relationship. Partners gain from this relationship through processes such as creating product to meet the other partner's needs, information, market access, technology, knowledge, low price and operating cost. Relationship maintenance focuses on the stability of the relationship that has been developed over time. Firms require a peaceful community and supportive environment to efficiently create value and demands for its products, just as the community needs a successful business to contribute to the development of their operative environment such as opportunities for employment and wealth creation for its citizens (Porter and Kramer, 2011). Thus, the shared value framework recognises that the success of a company depends on how they carry out their business activities in their operative environments (Aakhus and Bzdak, 2012). Value can be examined from two perspectives; from the angle of the firm, which focuses on how they can gain value from their partners or provide superior value to them and the other perspective focuses on how these partners perceive value (Reijonen and Laukkanen, 2010). Aakhus and Bzdak (2012) point out that CSV framework focuses on two types of value creation; business and society, which should be merged together through business strategy.

In addressing the role of business in creating socioeconomic value, Sinkovics et al (2014) discuss that there are debates among researchers and practitioners on the relationship between business and socioeconomic value creation. They note that at the heart of these debates are the following questions; can firms simultaneously create value while addressing social and economic issues? Porter and Kramer (2006; 2011) report that the CSV framework is aimed at addressing societal issues in a way that is commercially viable to firms; which means improving their competitiveness by creating superior and long-term value and high product quality whilst contributing to socioeconomic development. There are concerns that firms who incorporate social value creation into their business strategies will be less successful in terms of market growth and profitability (McDonald, 2007; Sinkovics et al., 2014). Moore (2014:3) cites that Porter and Kramer argue, “All profit is not equal”. That is profit involving shared value contributes to the growth and development of the society and enhances the sustainability and competitiveness of firms. Furthermore, Porter and Kramer (2006; 2011) stress that incorporating socioeconomic problems into core business strategies and operations is the next major transformation in management thinking. Furthermore, they assert that the CSV framework re-defines capitalism.

Moore (2014) notes that shared value is aimed at changing how firms carry out their business strategies in terms of strategy, structure, people, processes, and rewards in a way that redefines the triple bottom line. Sinkovics et al (2014) note that creating social value takes different forms of bottom of the pyramid markets, that is, it forms an essential part of business strategy. Dietz and Porter (2012) define social value creation as the contribution to the growth and development of the society. Sinkovics et al (2014) mention that in the context of developed and developing countries, what qualifies as social value creation in one country may differ in another due to differences in economic, political and institutional environment. In view of this, Acs et al (2013) opined that social value creation by firms in developing countries is greater and more demanding because the socioeconomic challenges of these countries are more visible than in the developed world, hence the need for multiple stakeholders to collaborate. This study, however focuses on how multiple stakeholders in the Nigerian textile industry can co-create shared values. Huber et al (2001) suggest that creating superior value is a means of gaining competitive advantage. That is, firms should have an understanding of what value is, how it is created and added. Firms that engage in successful long-term collaborative business relationships and the creation of superior value have a more competitive advantage. Porter and Kramer (2011) suggest that creating shared value can be achieved in three ways; by reconceiving products and markets, redefining productivity in the value chain and by building supportive industry clusters. Crane et al (2014) explain that firms can reconceive products and market by addressing social issues while simultaneously creating value for customers and consumers.

Productivity in the value chain can be redefined by enhancing socioeconomic and environmental capabilities with members of the supply chain and by building local clusters in order to achieve sustainable growth and development through collaboration with suppliers and local institutions (Crane et al., 2014). Shared value should be seen as the creation of added value for the society based on their needs and challenges (Markopoulos and Vanharanta, 2015). Aakhus and Bzdak (2012) advise that before adopting the concept of CSV as a way of understanding the relationship between business and society, it is essential to review the pros and cons of the concept. Table 12 below highlights the strengths and weaknesses of the CSV concept.

Table 12 Strengths and Weaknesses of Creating Shared Value Concept

Strengths	Weaknesses
CSV appeals to practitioners and scholars	CSV is unoriginal because the similarities it has with the concept of CSR, stakeholder management and social innovation.
CSV elevates social goals to a strategic level	CSV ignores the tensions between social and economic goals
CSV adds rigour to ideas of “conscious capitalism” and provides an umbrella construct for loosely connected concepts	CSV is based on a shallow conception of the corporation’s role in society
CSV articulates a clear role for government in responsible behaviour	CSV is naive about the challenges of business compliance

Source: Crane et al (2014)

This study adopts the principles of CSV as the theoretical underpinning for this research on the Nigerian textile industry. Although CSV have been criticised because it ignores the tensions between social and economic goals. However, in the context of this study, CSV is beneficial for the following reasons: (1) it strengthens the idea of collaboration between stakeholders in addressing socioeconomic issues while simultaneously creating value; (2) it clearly defines the role and responsibilities of government in creating an enabling business environment for domestic firms to thrive, unlike CSR which pays little or no attention in this area; and (3) CSV approach is also beneficial from developing countries context like Nigeria who requires both economic and social development. Another reason for the relevance of this framework is that it embodies the principles of relationship marketing (building and maintaining long-term inter-organisational relationships) and co-creation of value through collaborative partnerships. It is also a more complete and encompassing approach that highlights the importance of collaboration in CSV.

2.8.1 Collaborative Shared Value Creation

Collaboration is a key component of CSV. It is a very wide and encompassing term and as such the meaning and interpretation differs from one researcher to the other depending on the context it is being used or applied. Barratt (2004) suggests that in order to have a clearer understanding of the term, it is important to consider the following: (1) Why is collaboration necessary? (2) Where and with whom a firm collaborates with in the business environment? (3) Over what activities can partners collaborate? and (4) What are the elements of collaboration? Collaboration is defined as occurring when two or more stakeholders work together in partnership to plan and execute activities to achieve a common goal, which may lead to greater socioeconomic value (Simatupang and Sridharan, 2005; Katz and Martin, 1997; Mayer et al., 2014). In addition, Wood and Gray (1991) cite that collaboration entails the following characteristics: (1) it involves the relational exchange of resources such as information sharing, finance and labour; (2) it involves a minimum of two actors or stakeholders; and (3) total commitment, trust, and partnership is needed between stakeholders in order to adequately tackle issues affecting the business. Collaboration is an essential part of every business relationship and as such, for a firm to have sustained competitive advantage in their business markets, they must have collaborative competence that assists in the development of two additional meta-competences (absorptive and adaptive) that are vital in complex, dynamic and turbulent business environments (Lusch et al., 2007). Absorptive competence is the firm’s ability to keep up with the latest trends and technological know-how in their area of expertise in order to sustain their competitiveness. Similarly, adaptive competence is the firm’s ability to adjust to uncertainties that may arise in the business environment, which can be readily achieved through collaborative competence or value co-creation with business partners or stakeholders (Lusch et al., 2007).

Superior collaborative competency alongside absorptive and adaptive competencies can be used by firms to lower their relative and operative cost such as; production cost, thereby enhancing value creation and creating a competitive edge for the firm (McLaren et al., 2000; Sahay, 2003). Also, Ramanathan and Gunasekaran (2014) study shows that flourishing collaborative value co-creation between firms is more likely to lead to another one in the future, thereby building a stronger relationship due to high levels of trust and commitment. De Jong and Freel (2010) mention that successful collaborative ventures encourage firms to explore unfamiliar business territories where there are opportunities to gain competencies and skills which may be beneficial to the growth and development of the firm. Whipple et al (2010) note that recent research on business relationships has focused more on collaboration between partners for sustainable competitive advantage through business interactions. Solesvik and Encheva (2010) confirm that inter-organisational collaboration is achieved either vertically between firms within a value chain or horizontally between firms which are not of the same value chain. Firms involved in collaborative relationships are more likely to enhance their outcomes by joint efforts with their partners rather than working alone (Howleg et al., 2005; Wilding and Humphries, 2006). Thus, firms today are increasingly engaging in different forms of collaborative relationships; some of these relationships include strategic alliances and joint ventures (Dyer and Singh, 1998; Whipple et al., 2010).

2.8.2 Strategic Alliances and Joint Ventures in Business Relationships

Strategic alliances are becoming an important part of today's business market. Elmuti and Kathawala (2001) observe that the shift in business markets towards long-term relationships is built around partnership and not ownership. Wheelen and Hunger (2000:125) define strategic alliance as "an agreement between firms to do business together in ways that go beyond normal company-to-company dealings, but fall short of a merger or a full partnership". In other words, strategic alliances involve partnership between two or more businesses working together to achieve a common goal that is mutually beneficial. These alliances include informal agreements such as a business 'handshake' or formal agreements presented as contracts which may involve the exchange of equity or the contribution of capital to a joint partnership (Elmuti and

Kathawala, 2001). Firms go into strategic alliances for numerous reasons; to increase their productive capabilities, to reduce the challenges that may arise from their internal and external environments, to acquire and sustain their competitive advantage for increased profitability or achieve greater business opportunities that will create higher market values for their outputs (Webster, 1999; Todeva and Knoke, 2005). Yoshino and Ranga (1995) explain that the success of every strategic alliance is based on three criteria: (1) Partners remain legally independent after the formation of the alliance; (2) partners must share benefits and managerial control over the performance of the assigned task; and (3) They must continually contribute to all strategic areas of the business such as technology and products. Joint venturing is a form of strategic alliance that firms employ in order to control their dependence on the alliance with other partners (Todeva and Knoke, 2005).

Yan and Luo (2001) argue that joint venturing is the most effective route for firms in developing countries such as Nigeria to acquire up-to-date knowledge of new business processes and the latest technology used by their competitors based in developed countries to enhance their competitiveness. In today's changing global business environment, joint venture has emerged as a popular business strategy employed by firms in a bid to sustain their competitiveness, access latest technology and knowledge of emerging markets through the exchange of resources. Joint ventures are usually made up of two firms; however, there can be room for more than two players depending on the nature and the size of the business (Holtbrugge, 2004; Nguyen, 2009). These alliances are formed based on joined objectives, which serve the needs of the firm to achieve a mutual goal. Vaidya (2006) confirms that firms engage in joint ventures for three reasons, these are associated with benefits such as; internal benefit, competitive benefit, and strategic benefit. Internal benefit refers to the internal strength gained from the partnership, such as risk sharing, skills and managerial knowledge and finance. Competitive benefit refers to competitive strength acquired from the partnership on issues relating to competition and changes in the global market. Strategic benefit refers to joint partnerships which enhances the firm's business strategy in terms of competitive positioning in the market.

According to Holtbrugge (2004), the process of going into joint venturing involves four decision-making processes; Initial stage, Formation or Partner selection, Operation and Outcomes. In the initial stage, the firm decides if going into a joint venture will be beneficial in sustaining their competitiveness. If the benefit outweighs the cost and risks associated with the intended alliance, the firm decides to take a step further, but if the cost and risk involved are higher than the benefits, the firm opts out and considers other alternatives. After the initial decision-making process, the next step is the formation or partner selection stage in which the firm decides on suitable partners for the alliance. Nguyen (2009) submits that partner selection or formation is a very crucial part of a joint venture because research has shown that high rates of failures in strategic alliances are linked to the selection of wrong partners. Holtbrugge (2004) holds that partner selection should be done based on compatibility in terms of resources, strategies and cultural differences because the success of every joint venture is based on the compatibility of partners involved in the alliance. The operation stage involves performance assessment of the firm by partners based on productivity and profits or the level of satisfaction among partners in the alliance. Zhengming (2003) asserts that the success and failure of joint ventures are mainly dependent on the operational stages based on behavioural, cultural and administrative differences among partners and if not managed adequately could lead to dissolution and termination of the partnership. The final phase is termed the outcome stage were partners determine whether to remain or quit the joint alliance based on compatibility.

According to Todeva and Knoke (2005), there has been a number of positive outcomes such as high profitability in investment, equity and increased success rates among firms who engage in joint partnerships compared to some firms who integrate through mergers and acquisitions to avoid building collaborative business relationships. They warn that though this form of alliance combines assets and capabilities, it also includes the combination of uncertainties and liabilities of all partners in the relationship. As a result, for effective and successful collaboration to occur all partners must have a mutual recognition of these differences and possess total trust and commitment not to take advantage of each other when the opportunity arises (Vlachopoulou and Manthou, 2003; Todeva and Knoke, 2005). Joint venturing is also made up of a trading partnership for sustainable competitive advantage through the exchange of resources such as innovation and technology, training and skills acquisition or products. These are also new business forms that encourage partners to maintain and control their business relationships in different ways through collaborative planning and information sharing (Todeva and Knoke, 2005). Firms engage in joint venturing with strategic purpose aimed at enhancing the future performance of the firm and their collaborative partnership. As mentioned, Todeva and Knoke (2005:129) state “Ultimately, the variety of motives and drivers is enacted at four distinctive levels: organisational, economic, strategic and political”. In other words, while seeking to go into external collaborative partnerships; firms try to address their internal organisational challenges, they consider the economic benefits, they engage in strategic positioning or political strategy and management with the government and competitors in different areas of collaboration. However, in the context of this study, engaging in strategic alliances is irrelevant in the Nigerian textile industry at this point, because it is a more formalised way of collaborative relationships that can occur later. What is needed in the Nigerian textile industry now, is an informal form of approach through relationship building and CSV. That is, in order to rejuvenate the Nigerian textile industry, collaboration between SMEs' and their key stakeholders in the industry must first occur informally through relationship building and sustenance within the domestic business environment rather than immediate strategic alignments. Nakano (2009) asserts that the main source of competitive advantage is the integration of business relationships within a firm and across firms, with multiple stakeholders by involving them in core business processes of the firm through interactive and collaborative value co-creation (Piercy, 2009; Cosimo et al., 2010).

2.8.3 Benefits of Shared Value Co-Creation

The interactive process between partners signifies the areas of communication involving information exchange verbal or documented (Kahn and Mentzer, 1996). Lehtonen and Ventovuori (2006) note that higher levels of communication, interdependence, relation-specific investments and commitment are required in collaborative business relationships. Simonin (1997) divides the gains of collaborative business relationships into two groups; tangible and intangible. Suggesting the tangible aspect includes profits, increased market share, and sustainable competitive advantage. While intangible gains include acquiring specific skills, knowledge, and developing other competencies. Palakshappa and Gordon (2007) suggest that acquiring skills and other core competencies through collaborative relationships enable firms secure global market shares and contribute to socioeconomic growth and development of their countries. Similarly, Day (2000) observes that collaborative value can be co-created in inter-organisational relationships in a number of ways: (1) information sharing in areas such as open and free communication and sharing the basis for decisions to complete electronic data interchange (EDI) connections that link the partners with a digital umbilical cord of order, status, and payment information; (2) close links that can be created through social networks at all levels of management if a collaborative partnership is desired; and (3) process integration whereby the processes of all collaborative partners are jointly designed and managed. The above literature identifies collaborative planning, information sharing, knowledge and skills acquisition, innovation, and technology as some of the benefits of shared value co-creation.

Collaborative Planning

Business marketing literature stresses on the integration of relationship partners in the decision-making processes of firms through collaborative planning (Harvey and Speier, 2000). Collaborative planning are series of business processes whereby collaborative business partners exchange information, synchronised forecast, risks, costs and benefits with the aim of improving the overall business performance through joint planning and decision making (Thome et al., 2014; Hollman et al., 2015). These processes are formed based on the agreement between business partners (such as firms, customers, and other stakeholders) to collaborate on strategies and implementation, thereby tackling various uncertainties that may arise through improved communications, trust and collaboration (Attaran and Attaran, 2007; Derrouiche et al., 2008). Collaborative planning also creates superior value for the stakeholders whilst improving the firm's business performance by providing consistent information and plans that allow the efficient flow of goods and services based on demands (Hollman et al., 2015). It also integrates core business activities that are internal and external to the firm's operations (Chen et al., 2007).

Activities within collaborative planning processes in business relationships are divided into six categories (Rudberg et al., 2002; Thome et al., 2014): (1) collaborative demand planning; is aimed at predicting patterns of goods and services. It is also aimed at increasing responsiveness of changing demand patterns and provides a better coordination (Barratt and Oliveira, 2001); (2) collaborative supply planning; is aimed at certifying demand planning is successful by ensuring that production and purchasing requirements are placed in order to meet the demand plan (Hoque, 2000; Rudberg et al., 2002); (3) collaborative promotion planning; is initiated in order to establish a consensus plan for promotion activities such as reducing inventory levels and making better forecasts as a result of reduced uncertainties; (4) collaborative transportation planning; this includes planned actions to ensure materials and finished products are delivered on time to the appropriate destination according to the projected schedule; (5) collaborative product planning; is a way of keeping up with market demands and coping with intense competition in the global market. Ragatz et al (1997) converse that the key to effective collaborative product development, rest on the ability of collaborative partners to work collectively in achieving set objectives by communicating effectively and information sharing; and (6) collaborative performance; sharing performance metrics of the firm with collaborative partners in the business relationship enables overview of the overall performance of the firm. It also provides incentives to work with other partners in a bid to enhance the collaborative performance of the firm (Bechtel and Jayram, 1997; Rudberg et al., 2002).

Barratt and Oliveira (2001) report that collaborative planning engages business partners in the collaborative alliance in the exchange of marketplace information that can boost their competitiveness and the benefits are enormous. Some of these benefits include; reduced cost and product damage, informed and accurate information, internal and external connectivity/compatibility and reduced inventory holding, superior customer service, improved reliability of deliveries, and numberless others. Nakano (2009) clarifies that collaborative planning is an intangible aspect of business relationships that are difficult to monitor and sustain without dedication and joint efforts. Collaborative planning can be grouped into three dimensions; sharing resources, collaborative process operation and collaborative process improvement (Nakano, 2009). Sharing resources means to share standardised information (such as; forecast, shipment, inventory, production, and purchasing data) and customised information (such as; factors of demand fluctuation, and operational resources and constraints). The collaborative process operation is to connect forecast and plan based on a schedule established in advance and to re-examine activities to adjust deviations from forecast and plan when contingencies arise. Collaborative process improvement is those collaborative activities that enhance the collaborative process such as; redesigning and implementing the forecast and planning process jointly and continuously. Gunter et al (2006) argue that collaborative planning processes consist of two sub-processes, with different activities that are vital in collaborative planning processes; Creating and Executing Plans. In creating the plan, there are five essential criteria involved; Firstly, it is important to study the business and planning environment of other competitors. Secondly, it is important to convey information that are of immense importance and those not fully confirmed in order to monitor changes in market patterns.

Thirdly, it is essential that collaborative partners in the business relationship agree on common goals and have alternative plans should their original plan fail in the face of uncertainties. Finally, partners should jointly examine their strategic plans to see how they can individually tackle challenges that may arise in their business environment. In the sub-process execution of the plan, three criteria are significant; Firstly, it is important to monitor planned activities and identify common errors in the planning process. Secondly, when the error is identified, it is mandatory to review and where possible come up with an alternate plan. Thirdly, communication is key in collaborative planning processes to ensure all business partners are up-to-date with the latest and same information.

Giving the nature of collaborative planning, Simatupang and Sridharan (2005) introduce five vital features to assist business partners during the implementation of collaborative planning. First, the introduction of collaborative performance system such as the development of metrics to assist business partners in monitoring and improving the firm's overall performance. Second, decision synchronisation; which is the ability to manage critical decisions in the planning and execution stages to enhance firm's profitability. Third, openness and information sharing by creating ease of access to exclusive data from partners to enable adequate monitoring of goods throughout the firms. Fourth, incentive alignment; is the motivation of the trading partners to reinforce the accomplishment of overall performance targets by sharing risks, benefits and costs. Fifth, integrate a collaborative planning process that increases the delivery of products to customers in a timely manner at lower costs. Though the literature reviewed, examined both the internal and external aspects of collaborative planning, this study, however focuses on the external aspect of collaborative planning for sustainable business development. This study also anticipates that joint collaborative partnership in business relationships creates superior value for the firm and the society.

Information Sharing

Information sharing in collaborative business relationships refers to the extent to which exclusive information is readily available to collaborative partners (Hsu et al., 2008). Equally, information sharing in business relationships is the integration of partner's information systems, decision systems, and business processes into core business operation of a firm to improve their business performance (Truman, 2000; Hsu et al., 2008). It is believed that information sharing directly affects inter-organisational relationships and firm performance. Information sharing in collaborative business relationship is considered an effective business strategy in enhancing sustainable competitive advantage, leading to a wide exposure to new ideas, technologies and opportunities, which in-turn reduces the risk of being unprepared for changes occurring in the firm's business environment (Montoya-Torres and Ortiz-Vargas, 2014; Simao et al., 2016). In other words, Information sharing enhances firm's visibility and reduces uncertainties thereby improving collaboration among partners (Handfield and Bechtel, 2002;

Hsu et al., 2008). Shared information on the firm's mission and long-term objectives, marketing, and customer information in areas such as; operations scheduling, logistics and purchasing can be strategic (Hsu et al., 2008). This information can be measured through information system integration, decision system, and business process integration.

According to Hsu et al (2008) information system integration prompts free flow of knowledge exchange between business partners to create customer superior value, it is also the bond binding firms and their business alliances. Decision system integration provides visibility and reduces challenges that may arise in a firm due to changes in the business environment. Business process integration is linked to the benefits of enhanced business data processing. Also, business process integration system such as collaborative planning facilitates firm's management and enhances their business relationships. Day (1994) suggests that information sharing is a way of coordinating business activities (such as scheduling of deliveries) in inter-organisational relationship in order to co-create value adequately. In addition, new management processes are also required for: (1) joint production planning and scheduling; (2) management of information system links so each knows the other's requirements and status, and orders can be communicated electronically; and (3) mutual commitments to the improvement of quality and reliability. In this regard, these processes can only be achieved through joint collaboration and partnership between SMEs' and their intended business partners in the business relationship. Strong relational ties among collaborative partners encourage firms to willingly share proprietary information (Anderson and Narus, 1990). Andersen and Kumar (2006) highlight the importance of trust in business relationships leading to openness in communication between business partners in enhancing their ability to collaboratively tackle business uncertainties through information exchange. Exchange of open proprietary information is built on the foundation of trust and effective communication characterised by continuous relational exchange among partners (Morgan and Hunt, 1994; Cannon et al., 1999).

In business relationships, firms must be willing to share their proprietary information such as marketing and production activities with their business partners to sustain their competitiveness (Lau and Lee, 2000). Changes in the global market, especially in areas of information technology and value creation have led firms to re-examine the benefits (for example, Product quality and development) and the risks involved in information sharing (which could lead to opportunistic behaviour of some partners) (Cannon et al., 1999). Lack of information exchange between collaborative business partners can lead to market failure (Cannon et al., 1999).

Marshall (2015) clarifies that there are two dimensions of information sharing: neighbourhood and timeliness. The former refers to the beneficiary of the information, while the latter refers to the period to which the shared information between partners is being conveyed (Kouvelis et al., 2006). According to Marshall (2015:12) in most firms, information exchange begins by establishing the "motivation to share information", which may be driven by the internal or external environment (suppliers, customers). The information is then shared with other collaborative partners. Day (1994) explains that firms must develop a team-based mechanisms for constant information sharing on the challenges and requirements to boost their business performance and engage in development processes to enhance and create superior value for customers. Prahalad and Ramaswamy (2004a) validate that constant information sharing between firms and their alliances enhances dialogue, access, risk assessment and transparency, which is essential for collaborative value co-creation of firms in business relationships.

Knowledge and Skills Acquisition

Todeva and Knoke (2005) highlight most firms engage in collaborative relationships with the aim of acquiring tangible skills and knowledge from their business partners in areas such as new product development, innovative technologies or access to emerging markets. They affirm that learning arises when a firm obtains, incorporates and applies new information, knowledge and skills that improve their performance and competitiveness. Lei et al (1997) suggest that organisational learning capacity is determined by the nature of the shared value, knowledge exchange and the firm's reward system. Knowledge and skills acquisition in business relationships are developed through interaction and the development of relational competencies in addition to their already existing competence (Moller, 2006). Usman (2014) defines skills acquisition as the training of individuals leading to the acquisition of knowledge for self-sustenance. Skill acquisition increases collaboration and competition among people (Magbagbeola, 2004). The process of skills acquisition comprises of the following: (1) Provision of training that gives the trainees the opportunities to acquire skills that are appropriate for preparation in a field of trade; (2) Provision of definite skills that relate to each trade that makes one a professional in one field instead of the others; (3) That training has to be done by competent, experienced and qualified instructors; (4) Skill acquisition requires much practice, patience, interest, ability, aptitude and personality traits; (5) Skill acquisition requires a conducive business environment; (6) Training requires constructive human relationship, business skills, imitation and constructive ideas; and (7) The principles guiding training in a particular field in terms of attitude, customer-relationship, productivity, efficiency, supply and demand needs to be appreciated. In other words, skills acquisition requires a holistic approach in the actualisation of creative ideas that transform acquired knowledge and skills into creative ventures that are beneficial to a firm's performance and long-term sustainability (Usman, 2014).

In inter-organisational relationships, firms can enhance their knowledge and skills through the bilateral development of knowledge through their stakeholders (Johnsen and Ford, 2006). Bilateral development of knowledge is indicated through the engagement of firms' and their business partners in joint relational exchange or developmental programs to aid knowledge sharing (Johnsen and Ford, 2006). Knowledge sharing is the process whereby an individual shares their acquired knowledge with other business partners within an organisation (Ryu et al., 2003). Hsu et al (2007) claim that there are various factors that may affect individual's willingness to transmit knowledge with collaborative partners, such as costs and benefits, extrinsic and intrinsic motivations, incentive systems, firm's business environment and management challenges. Knowledge gained jointly through interactive learning between alliances contributes to the firm's capabilities compared to those gained through passive or active learning which is imperfectly traded or costly to emulate (Lane and Lubatkin, 1998). In addition, Lei and Hitt (1995) view competitive advantage gained through the acquisition of knowledge and skills as path-dependent. They maintain that firms' into outsourcing often assume that there is a difference between design, manufacturing and marketing skills and task; hence, the development of core competencies and new skills required internal investment (Barney, 1991). In other words, outsourcing core skills or products often lead to the inability of firms to monitor changes occurring in innovative technology (Prahalad and Hamel, 1990).

Lei and Hitt (1995:6) state "Internal development of a firm's absorptive capacity (or ability to learn from a multitude of sources) is a more effective mechanism to develop new skills and capabilities than relying on external agents or sources". That is, organisational learning and skills acquisition and capabilities is dependent on firm-specific characteristics and embedded knowledge that cannot be bought or integrated into the firm. Similarly, Prahalad and Hamel (1990) hold that the development of core competencies based on the integration of diverse production and technological-based skills requires sustained internal investment in organisational learning to create new firm-specific knowledge and capabilities.

Innovation and Technology

Firms who successfully create superior value alongside improved technological performance and organisational skills bring more innovation to the market (Al-alak and Tarabieh, 2011). Damanpour (1992) defines innovation as the adoption of business ideas, strategies, culture, policies, programmes, processes, product or services that are relatively new to the firm. Innovation can be divided into two categories; technological innovation and organisational innovation (such as; market strategies and changes in management techniques and organisational structure). Technological changes, increased competition, and shortened product life cycle in the global business environment has increased the pressure on firms to develop new products, enter new markets and meet rapidly changing market demands (Sompong et al., 2014; Nordman and Tolstoy, 2016). Thus, collaborative partnership through value co-creation in inter-organisational relationships enables firms respond to advances in new technology, new product delivery and meet market demands efficiently. Successful collaborative partnership enhances the exchange of business ideas, new technological innovations and other managerial skills (Wu and Callahan, 2005). Collaborative business relationships are becoming increasingly vital for firms who aim to gain and sustain their competitiveness especially in innovative areas. It is essential for SMEs' who lack tangible resources such as; financial and human-capital resources. Hence, the dependence on intangible resources that is accessed and employed from external collaborative business relationships (Nordman and Tolstoy, 2016).

Innovative collaboration is the extent to which SMEs' view their business relationships to jointly solve a common problem and engage in innovative knowledge development leading to innovative business ideas and solutions. Innovation often occurs in collaborative business relationships where partners jointly participate in problem solving and creativity. It is viewed as an essential part of competitiveness, consequently, information sharing and knowledge transmission as a source of utmost innovation determines the capacity that a firm must possess in order to adopt necessary innovations in time to reach competitive advantage in the market (Simao et al., 2016). Firms can also go into collaborative partnership with their competitors for innovative purposes. Simao et al (2016) hold that acquiring knowledge from competitors can be a valuable asset to the firm since rivals have similar needs in the innovation process. Pippel (2014) confirms that collaboration with competitors also creates the avenue to explore and create organisational structures of competitors' success. Tether (2002) warns that collaboration with competitors can be detrimental due to the possibility of uncompetitive attitudes; however, collaboration is only possible when all are faced with similar challenges as in the case of the Nigerian textile industry. Skippari et al (2016) submit that collaborative innovation requires joint interactive effort between business partners due to the complexity in nature. They validate that despite the benefits associated with collaborative innovation, it is not an easy task as most firms engaged in collaborative innovation fail due to conflicting interests and perceptions of partners towards a common goal. Roy et al (2004) stress the importance of attitudinal commitment among business partners in order to collaboratively innovate and co-create value. In this view, the study believes that collaborative technological and organisational innovation enhances inter-organisational relationships because it strengthens SMEs' business performance.

2.9 Summary of the Chapter

This chapter began with an extensive literature on the background of the global textile industry and international trade policies governing the industry before moving on to discuss the Nigerian textile industry alongside trade policy issues in the industry. According to the literature reviewed, most studies on international trade have highlighted some imbalances in the system that are of disadvantage to many developing countries operating in the textile industry such as Nigeria. These disadvantages in the case of Nigeria are linked to inconsistencies and poor implementation of government policies. To address this, the literature identifies an increasing trend towards relational exchange through value co-creation in inter-organisational relationships, which involves a dyadic relationship between firms and their customers as a means of sustainable competitive advantage. Also, frameworks used in understanding the nature of relationships were examined such as the social exchange theory/relational exchange theory and the interaction/network approach which fails to yield insight into the developmental process, maintenance and the role of multiple actors such as stakeholders in SMEs' inter-organisational relationship. This led to the review of literature on creating shared value, which was adopted as the theoretical underpinning of this research because it aligns with the research objective. The CSV framework aims to bridge the gap between business and society as part of firm strategy from multiple perspectives through collaborative partnerships. It stresses that companies must address both economic and social issues by using the principles of value. To achieve this, the environment through relevant stakeholders has to support businesses in creating this value. The chapter concluded by discussing the associated benefits of shared value co-creation such as collaborative planning, information sharing, knowledge and skills acquisition and innovation and technology.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Chapter Overview

Research is a systematic investigation that finds answers to problems or questions (Burns, 1994). Esch and Esch (2013) hold that the biggest challenge faced by researchers when undertaking a study is the inability to determine a suitable research paradigm and methodological choice for the study. One way of addressing this challenge is through the research questions; that is, the research questions guide the researcher towards the philosophical assumption suitable for the research. Once ascertained, the particular paradigm will align with an appropriate research approach. In this view, this chapter justifies the research paradigm and methodological approach and procedures employed in answering this study's research questions listed below.

I. What constitutes an SME in the Nigerian textile industry and what key issues do they face as a result of trade policies?
II. What is the impact of trade related policies on SMEs' productivity and competitiveness in the Nigerian textile industry?
III. What are the areas of collaborative partnership between SMEs', and its key inter-organisational stakeholders in the Nigerian textile industry?

The rest of the methodology chapter is divided into 6 sections: Section 3.2 discusses the research paradigm. Sections 3.3 and 3.4, present the research approach and strategy employed in this study. Section 3.5 presents the research design of this study, in which the data collection method and justification for case selection are described. Section 3.6 looks at the analytical tools and procedures used in this study. Lastly, issues relating to the validity and reliability of this study are explored in Section 3.7.

3.2 Research Paradigm

Research is guided by a set of beliefs known as paradigms. Paradigms are set of basic beliefs a researcher holds when examining a social phenomenon from which he or she gains an understanding of these phenomena (Guba and Lincoln, 1994; Saunders et al., 2012). This set of beliefs is based on ontological, epistemological and methodological assumptions. Guba and Lincoln (1994) assert that ontological, epistemological and methodological assumptions are inter-related in a way that answering one question limits how the others are answered. Ontological assumption is the starting point for most debates among researchers (Easterby-Smith et al., 2008). It is based on the notion that our views (either claims or assumptions) can be defined based on the nature of reality, and if it is an objective reality that really exists, or only a subjective reality, created in our minds (Bryman and Bell, 2007; 2015; Flowers, 2009; Saunders et al., 2012). Objectivism explains that social entities exist in reality external to social actors. While subjectivism emphasises that social phenomena originate from the perceptions and consequent actions of social actions (Guba and Lincoln, 1998; Kumar, 2008a; Saunders et al., 2012). Thus, ontology refers to the study of our existence and the beliefs about the nature of reality, which determine what can be known about it. Questions related to ontology include; What exist? What is true and how can we sort existing things? (Guba and Lincoln, 1994; Gill and Johnson, 2010).

Epistemology and methodology are driven by ontological beliefs. According to Collis and Hussey (2014: 47) epistemology "is concerned with what we accept as valid knowledge. It examines the relationship between the researcher and the researched". In other words, epistemology examines the relationship between the research and what can be known and how we come to know what we know (Guba and Lincoln, 1998). There are two dominant epistemological assumptions; positivism and constructivism or interpretivism often debated in business research (Kumar, 2011; Collis and Hussey, 2014). However, for greater clarity, these assumptions will be discussed later in details alongside methodologies from an ontological perspective. Methodology is a way of acquiring knowledge systematically (Kumar, 2008b), where methodological approach is driven by the researcher's ontological and epistemological beliefs. Though it is evidence-based that there are two extreme epistemological paradigms in business and management research as mentioned above (Guba and Lincoln, 1994; Kumar, 2011; Saunders et al., 2012; Collis and Hussey, 2014). Easterby-Smith et al (2008) attempt to soften the position of these extremes by discussing the interrelationship between the epistemological assumptions from an ontological perspective. They validate that there are two dominant perceptions of reality that are often debated: realism and relativism.

Realism is built on the assumption that reality independent of human thoughts and beliefs exists (Saunders et al., 2003; Bryman and Bell, 2007; Saunders et al., 2012). It is an ontological perspective within the quantitative or objectivism paradigm of research. Easterby-Smith et al (2008) note that realist believes that the reality in the social world exists externally and that its properties such as knowledge can be acquired through observable objects and events. That is, only through objective interpretation can information be fully processed and understood (Livesey, 2006). The epistemological stance within this paradigm is therefore positivist in nature, meaning the researcher maintains a distance from the researched in order to avoid bias (Saunders et al., 2016). The methodology in this paradigm requires a quantitative mode of inquiry (Saunders et al., 2003). Robson (1993: 18 – 19) notes that positivist research undergoes five sequential stages: (1) it deduces an hypothesis from a tested theory by observation; (2) It explains the statistical relationship among variables (Saunder et al., 1997); (3) It relies on quantitative data; (4) It examines the major outcomes of inquiries by testing hypothesis; and (5) It uses structured methodology to facilitate replication (Gill and Johnson, 1991). Within the quantitative or the positivist paradigm of research, numerical data are used to quantify or measure phenomena and produce findings (Saunders et al, 2012; Bryman and Bell, 2015). In other words, quantitative research enables the researcher to identify patterns within his or her observations with the aim of finding answers and making future recommendation to these problems.

There are two types of realism, which share similar features of positivism: empirical realism and critical realism (Bryman and Bell, 2015). Empirical realists argue that reality can be understood better by using the right methods. From this perspective reality exist, but only as events and appearances (Bryman and Bell, 2007; 2015; Easterby-Smith et al., 2008). Bryman and Bell (2015) emphasise that empirical realism is often referred to as “realism” by most researchers and they mean one and the same thing. Critical realism on the other hand is an ontological perspective within the post-positivist paradigm of research. Critical realists believe that what we experience as humans are sensations of images and things going on in the real world and not the things directly (Scott, 2005; Jefferies, 2011). Critical realists do not believe it is possible to maintain absolute distance from the researched. They recognise and attempt to control the potential influences that the researcher’s background knowledge could have on observations.

The methodology in this post-positivist paradigm is the combination of both quantitative and qualitative methods. Saunders et al (2016) pose that the strongest contrasting ontological perspective to realism is relativism.

Relativism is a belief that reality cannot exist without perspective. Relativist belief that there are multiple constructs of realities (Easterby-Smith et al., 2012). These realities are influenced by experiences and social interactions (Saunders et al., 2016). The relativist position asserts that each person has their different view of reality that is considered right (Easterby-Smith et al., 2012). Relativism is the ontological perspective within a qualitative or subjectivist paradigm of research. Subjectivist rejects the notion that an objective reality exists. They hold that social interaction is based on consciousness, action, and unpredictability (Ponterotto, 2005; Livesey, 2006). In other words, the principle of subjectivist paradigm is built on the foundation that only through interaction and dialogue between the researcher and participant or object under study can clearer understanding and answers be achieved. The epistemology is therefore constructivist in nature, and a consensus is sort within the findings (Guba and Lincoln, 1994; 1998). Qualitative methods like in-depth interviews are used and the context is well-described (Guba and Lincoln, 1994; Easterby-Smith et al., 2012). Furthermore, Moen (2006:61) states, “qualitative approach to the field of investigation means that researchers study things in their natural settings, attempting to make sense of and interpret phenomenon in terms of the meaning people bring to them”. It consists of a set of interpretive, material practices that make the world visible (Davies, 2007). Meaning, qualitative research focuses on examining the findings generated from field notes, interviews, conversations, photographs, recordings amongst others. Unlike quantitative researchers who tend to work with fewer variables and many cases, qualitative researchers on the other hand, depend on few cases and many variables (Creswell, 1998).

Table 13 Comparison of Various Research Philosophies

	Realism (Positivism and Post-Positivism)	**Relativism (Constructivism or Interpretivism)**
Ontology: the researcher's view of the nature of reality of being	External, objective exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist)	Socially constructed, subjective, may change, multiple views or perspectives used in answering the research question.
Epistemology: the researcher's view regarding what constitutes acceptable knowledge	Observable phenomena provide credible data, facts, and insufficient data mean inaccuracies in sensations (empirical realism). Alternatively, phenomena create sensations, which are open to misinterpretation (critical realism). Focus on explaining within a context or contexts	Subjective meanings and social phenomena. Focus upon the details of the situation, a reality behind these details, subjective meanings motivating actions (it requires a consensus between different viewpoints).
Data collection techniques most often used	Methods chosen must fit the subject matter, quantitative (highly structured, large samples, measurement) or qualitative	Small samples, in-depth investigations, qualitative.

Source: Easterby-Smith et al (2008) and Saunders et al (2012)

In business research, constructivist paradigm has been used to study phenomena such as business failures in firms; business environment of industries and how to enhance firms' competitiveness (Roshan and Deeptee, 2009). In order to have an in-depth understanding of the impact of trade policies on SMEs' inter-organisational relationships in the Nigerian textile industry, this study argues that only through social interaction between the researcher and participants can clearer understanding and answers be achieved. Constructivism is useful in studying complex phenomena such as what, how and why something occurred. As in the case of this study, which is aimed at understanding the impact, trade policies have on SMEs' business relationships in the Nigerian textile industry as little or no study has been conducted in this area from a developing countries' perspective. Saunders et al (2016) add that one of the advantages of constructionist research is the ability to create new, insightful understanding and interpretations of social worlds and contexts. It also contributes to the evolution of new theories (Easterby-Smith et al., 2008). This means looking in-depth at SMEs' fabric manufacturers in the Nigerian textile industry from the perspective of different stakeholders in the industry and how the CSV framework can be used in developing new insights and understanding. Thus, constructivist paradigm is suitable for this study, given the predicament and failure of the Nigerian textile industry as a result of trade policies. This research therefore hopes to contribute to the study of business failure in the textile industry; the impact of trade policies and how to enhance firms' productivity and competitiveness in their business environment through stakeholders' collaboration and partnership.

3.3 Research Approach

Research approach has to do with the processes involved in the collection of data and interpretation of research findings in order to answer research questions. There are two main types of research approaches: deductive and inductive. According to Bryman and Bell (2015), deductive approach views the relationship between the theory and the research. It involves the testing of theories and hypothesis in order to determine if the said theory or hypothesis applies to specific phenomena and it is usually associated with the positivist paradigm (Hyde, 2000). However, this study adopts a constructivist paradigm; as a result, a deductive approach is not suitable in this research. Inductive approach, on the other hand, involves the building of theories. It is mainly associated with qualitative researchers because it enables the researcher to establish theories based on findings from their observations of a particular phenomenon under study. Bryman and Bell (2015) add that inductive research is associated with qualitative research because theories can only be developed in a data-driven manner and it is very flexible. Although, the flexibility of inductive approach is often doubted in terms of the credibility, given that the overarching objective of this study is to understand the impact of trade policies on SMEs' inter-organisational relationships in the Nigerian textile industry; flexibility of research is seen as the main strength of this study. This is because: (1) it allows the combination of multiple sources of data and perspectives, which enhances the credibility of the research; and (2) it enables generalisation to be made beyond the boundaries of the phenomenon under study. The truth of the conclusion in inductive research does not always maintain the truth of the premises (Inductive arguments may be strong or weak, but will lead to the development of a framework depending on the evidence provided to support the conclusions). That is, understanding the different perspectives of stakeholders on the impact of trade policies on SMEs' business relationship in the Nigerian textile industry will create an in-depth knowledge of the issues facing the industry; and how to address these challenges using the CSV framework, thereby contributing to the advancement of new theories in this field of study.

According to Gill and Johnson (2010:56), induction is the reverse of deduction as it involves moving from the "plane of observation of the empirical world to the construction of explanations and theories about what has been observed". That is, inductive process involves researchers working back and forth between the themes and the database until they establish a comprehensive set of themes (Creswell, 2007). Furthermore, it may also involve collaborating with the participants interactively, so that they have a chance to shape the themes or abstractions that emerge from the process. In inductive approach, the researcher uses data that has been observed, coupled with available facts to reach a tentative proposition that can be used in defining a theory related to the research problem (Sekaran, 2006). It also requires the collection of relatively small amount of data in order to study in details the context in which events or phenomena occurs (Saunders et al., 2003). It is considered as moving from the specific to the general. Specifically, it involves moving from individual observation to statements of general patterns (Collis and Hussey, 2014). Hussey and Hussey (1997) note that the reason for using inductive research is to easily make summaries of the information acquired from the raw data, to make sense of the research phenomenon and the findings of the summarised data collected, and to develop a model or framework from reoccurring experiences identified in the data.

3.4 Research Strategy

There are five commonly used qualitative research strategies, namely; biographical, phenomenological, grounded theory, ethnography and case study (Creswell, 2007; Petty et al., 2012). However, this study adopts a case study research strategy because it aligns with the research objective of this study, which is to investigate a contemporary phenomenon within its real-life context from multiple perspectives. According to Yin (2003:13) case study is "an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident and it relies on multiple sources of evidence". Also, Halinen and Tornroos (2005) define case study research strategy from a business perspective as the in-depth study of one or more business networks, where the researcher gathers multiple information from different sources in order to develop a holistic description of the study conducted on the business networks. Meaning, case study strategy enables the researcher to pursue high levels of data validity and generalisability that provides replication and/or convergence of findings in the case studies (Lewin and Johnston, 1997). Anderson et al (1994) define business networks as a set of two or more connected business relationships, in which each exchange relation is between business firms that are conceptualised as collective actors and whereby connected means of the extent to which exchange in one relation is contingent upon exchange (or non-exchange) in the other relation. Halinen and Tornroos (2005) note that studying business networks is a complex phenomenon because it involves more than one actor, which could be difficult to access and the stress associated with the data collection.

Case study research can be conducted either as a bounded system (a case) or multiple bounded systems (case), over a period of time through an in-depth data collection from multiple sources of information such as; interviews, observations, audiovisual material, documents and reports (Gomm et al., 2000; Yin, 2003; Creswell, 2007). In this study, multiple bounded systems (case) were employed because it enabled the gathering of multiple information from different sources in understanding and interpreting the social phenomenon under study through the analysis of different individual cases and materials. Anderson (1995) also recommends the use of multiple bounded systems (case) in studying relationships in business markets or networks and the evolution of inter-organisational relationships. There are three research investigations that can be used in undertaking case study research: explanatory, exploratory and descriptive study (Yin, 2003; Saunders et al., 2012). The choice of adopting any of these research investigations depends on the type of research question being asked, the extent of control the researcher has over actual behavioural events and the degree of focus on contemporary as opposed to historical events. The main question in this study is the "what" question (what is the impact of trade policies on SMEs' inter-organisational relationships in the Nigerian textile industry?). Given the nature of this study is on SMEs' inter-organisational relationships, the researcher has no control of behavioural events and the focus is on contemporary issues. Therefore, the most appropriate strategy for this study is an exploratory case study. Furthermore, most case study research in business has been exploratory in nature (Johnston et al., 1999).

Case study research strategy is appropriate if the researcher has clearly defined cases with boundaries and aims to provide an in-depth knowledge of the cases (Creswell, 2007). Eisenhardt (1989) adds that this research strategy is appropriate if: (1) current perspectives of the phenomenon under study seem vague. For instance, the conceptualisation of SMEs' in the Nigerian textile industry and the full impact of trade policies on socioeconomic value are not known in regards to research question one of this study (What constitutes an SME in the Nigerian textile industry and what issues do they face as a result of trade policies?); (2) if the phenomenon under study conflict with each other. The researched conflicts with each other as SMEs' fabric manufacturers in the Nigerian textile industry are faced with double impacts of trade policies from SMEs' sector and the textile industry in their domestic business environment; and (3) if they contradict with current research. This strategy is appropriate in this research for the following reasons. The negative impact of international trade policy on liberalised markets in most developing countries such as Nigeria conflicts with current research, which shows that liberal rules have been beneficial to countries such as China, India, U.S. and United Kingdom amongst numerous others. Furthermore, Yin (2003:13 - 14) critically analyses the technical features of case study research strategy. Firstly, case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context. Secondly, because the phenomenon and context are not always distinguishable in real life situations, case study inquiry copes with the technically distinctive situation in which there will be many variables of interest than data points. Also, one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefit from the prior development of theoretical propositions to guide data collection and analysis.

Yin (2003:2) converses that case study method allows “investigators retain the holistic and meaningful characteristics of real-life events such as individual life cycles, organisational and management processes, neighbourhood change, international relations and the maturation of industries”. This research strategy is relevant in this study because it examines the maturation, neighbourhood change and the individual life cycle of SMEs’ fabric manufacturers operating in the Nigerian textile industry in terms of change processes overtime in their domestic business environment. It also studies, international relations of the industry through trade policies and barriers. Case study research strategy contributes to the knowledge and understanding of complex social phenomena through information gathering about specific event or activities associated with a particular firm or industry with the aim of providing a constructive explanation of the researched. This research strategy is also common amongst researchers conducting studies on business relationships, such as Zain and Ng (2006) and Agndal and Chetty (2007) and numerous others as shown in Table 14.

Table 14 Research that has Adopted Case Study Research Strategy

Author	Research Aim/Purpose
Zain and Ng (2006)	Examines how indigenous Malaysian small and medium-sized enterprises (SMEs) use their network relationships to facilitate their internationalisation process
Goworek (2011)	To assess the issues currently involved in social and environmental sustainability in the clothing industry.
Rahman (2006)	The purpose of the study was to understand the Bangladeshi businesses' perspective to Relationship Marketing as well as to gain Bangladeshi retail customers' perspective on the same.
Agndal and Chetty (2007)	The purpose of this paper is to study how existing relationships influence changes in SMEs' internationalisation strategies in terms of markets and modes.
Biggemann and Buttle (2005)	To understand the kinds of value that companies attribute to relationships and how value perceptions change in relation to different contextual conditions that impact on relationship construals.
Biggemann and Buttle (2011)	To find out relational actors identify and classify different forms of relationship value.
Andelin et al (2015)	To find out how shared value is created in built environment.

Author's Compilation

Despite the advantages, case study research has received some criticisms. Firstly, case studies are criticised for their lack of rigour. Yin (2014) converses that case study researchers are often accused of sloppiness, bias and failure to follow systematic procedures. Secondly, it is difficult to generalise from case studies. Regardless, this study has demonstrated that the strength of case study research outweighs these criticisms in number of ways: (1) the flexibility of research has been demonstrated through the combination of multiple perspectives for data generalisability and validity; (2) case study research is widely adopted by researchers from different disciplines, especially those in business and management; and (3) case study research strategy contains all components of a research method like, design, data collection, techniques and a specific approach to data analysis.

3.5 Research Design

Bryman and Bell (2015:49) define research design as a framework that aids data collection and analysis. The aim of the research design is to prevent an occurring situation whereby the research findings do not answer or address the research questions (Yin, 2003). Easterby-Smith et al (2008:93) assert that constructionist research design starts from the assumption that “there is no absolute truth, and the job of the researcher should be to establish how various claims for truth and reality become constructed in everyday life”. One of the strengths of case study research in establishing these claims, lies in the ability to use different sources of evidence to demonstrate convergence on one meaning (Johnston et al., 1999). As part of the research design of this study, a number of data collection approaches were employed.

3.5.1 Data Collection Methods

Data collection refers to the gathering of information yielding insight into the phenomenon under investigation. The process of data collection begins after a research problem has been identified and research design/plan mapped out. There are two methods of data collection employed in business research and these are primary and secondary data sources, which are explained in the discussion that follows.

Primary Source of Evidence

Primary data are original data sources collected first-hand for specific research purposes such as direct observation, interviews, surveys and experiments (Henderson, 2011). In-depth interviews are the primary source of data collection for this study. Easterby-Smith et al (2008:144) define interviews as the “opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience”. That is, within the constructivist paradigm, interview methods are used in the collection of data in order to have an in-depth understanding and knowledge of a phenomenon. It allows the researcher observe or study their attitude, feelings and opinion. Yin (2014) validates that interviews are one of the most important sources of information in case study. Easter-Smith et al (2015) added that in-depth interviews contribute to the richness of case study through knowledge acquisition on a less researched concept leading to theory generation and areas for future research. These interviews can be conducted face-to-face, by telephone and online between the researcher and the participants (Easterby-Smith., 2008; Collis and Hussey, 2014). Given, the purpose of this study is to address the issues posed by trade policies on SMEs' inter-organisational relationships from a business development approach using a relatively new concept of creating shared value (CSV). Data were collected through face-to-face in-depth interviews (consisting of one-to-one interviews and group interviews also known as "focus groups") and a telephone interview (which are used in situations whereby the participant is unavailable for a face-to-face interview due to time constraints or as follow-up interview to clear/expand on certain points made during previous interviews). Face-to-face semi-structured in-depth interviews were used because they enable the researcher to probe deeper on the subject matter (Collis and Hussey, 2014).

Group interviews or focus groups are a non-standardised form of interview made up of two or more participants (Saunders et al., 2009). This strategy was also employed because it leads to dynamic discussion and evaluation between participants in response to questions asked (Saunders et al., 2009). This strategy was useful in this study as it presented the opportunity to view and understand the phenomenon under study from multiple critical perspectives. However, the downside is that some participants tend to dominate the interview over others. Nonetheless, a follow-up interview was conducted on an individual basis based on the outcome of the group interview.

Prior to the interviews, a brief of the research study was either discussed on the phone or sent to respective stakeholders via email and in most cases in person accompanied with a consent letter and appointments were fixed. Before the interview visit, a brief research into the background of each company, markets, role, and function of various organisations was conducted online and in most cases, the researcher interacted with key informants. This enabled the researcher to acquire background information on the various establishments. Semi-structured interview questions were used as a guide for the study. According to Baker and Foy (2008:229), semi-structured interviews can be defined as a "half way house between the partly and fully structured interview and comprises of a combination of standardised open and closed questions in a predetermined sequence to be followed exactly by the interviewer". In semi-structured interview, the researcher has a list of specific questions on a topic to be covered (interview guide). Semi-structured interview is an appropriate method when it is necessary to understand the constructs that the interviewee uses as a basis for their opinions and beliefs about a particular matter or situation (Easterby-Smith et al., 2003:87). Bryman and Bell (2011) explain that often the questions do not follow exactly as planned on the schedule because in the course of the interview, the researcher may pick up on new facts mentioned by the interviewees that might be very vital in understanding the phenomenon under study. As is the case of this study, where new facts on the subject matter emerged during the course of the interviews. Questions asked during the interview were centred on answering the three research questions of this study. The interview was recorded with the consent of the participants and later transcribed.

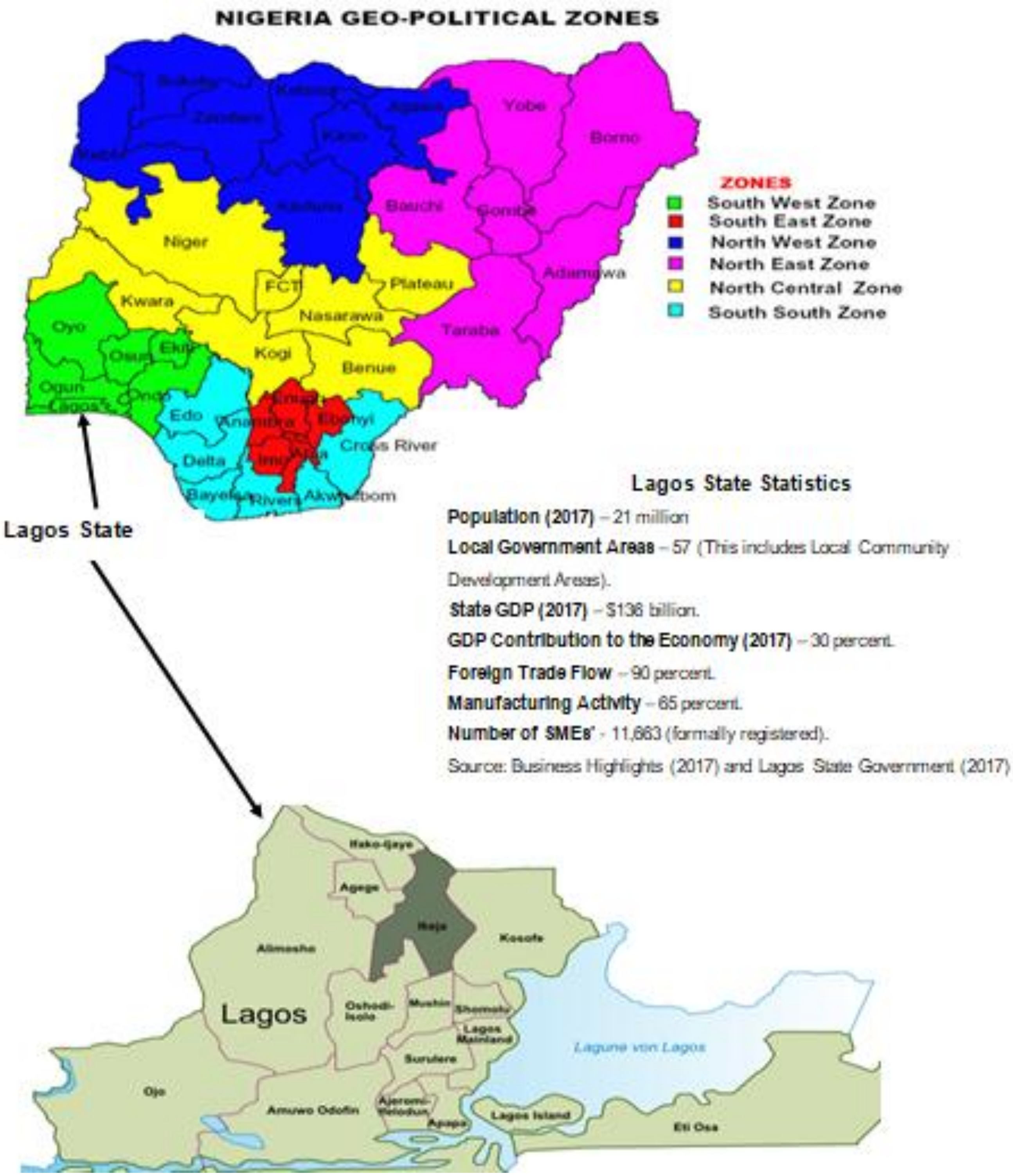
Secondary Source of Evidence

Secondary source of evidence such as documentary data was collected during the interview to enhance data validity. Saunders et al (2016) converse that secondary data are existing information that assists in answering or partially answering research questions. Secondary data are usually in the form of documentary data or archival records such as; written documents like books, journals, newspapers, magazines, notices, correspondence, minutes of meetings, diaries, transcript of speeches and public records. It also includes non-written documents such as; tape and video recordings, television programmes, films, pictures and drawings and survey-based secondary data which are collected through questionnaires that have already been analysed for their original purpose. These data are made available as compiled data tables or as a computer-readable matrix of raw data for secondary analysis (Robson, 1993; Easterby-Smith et al., 2008; Bryman and Bell, 2011; Saunders et al., 2016).

Selection of Study Area

The research was undertaken in Lagos State located in the South-West region of Nigeria as shown in Figure 8 below. Although Lagos is the smallest State in Nigeria with a total land mass stretching over 3,577 kilometres and 22 percent of which is water (Soladoye and Ajibade, 2014; Ushakov, 2014), it has distinctive characteristics and rich history of economic growth and development. The rich history of trade in the state dates back to 1472 mainly as a trade centre and seaport for numerous products (Aworawo, 2004; Ushakov, 2014). Lagos State became the capital of Nigeria from 1914 to 14th of November 1991 before the capital of Nigeria was moved to Abuja. However, Lagos State remained the economic and commercial hub of the country; it accounts for over 60 percent of industrial and commercial activities and generates the highest internal revenue of all States in Nigeria.

Figure 8 Map showing Nigeria Geo-political Zones and Study Area in the South-West



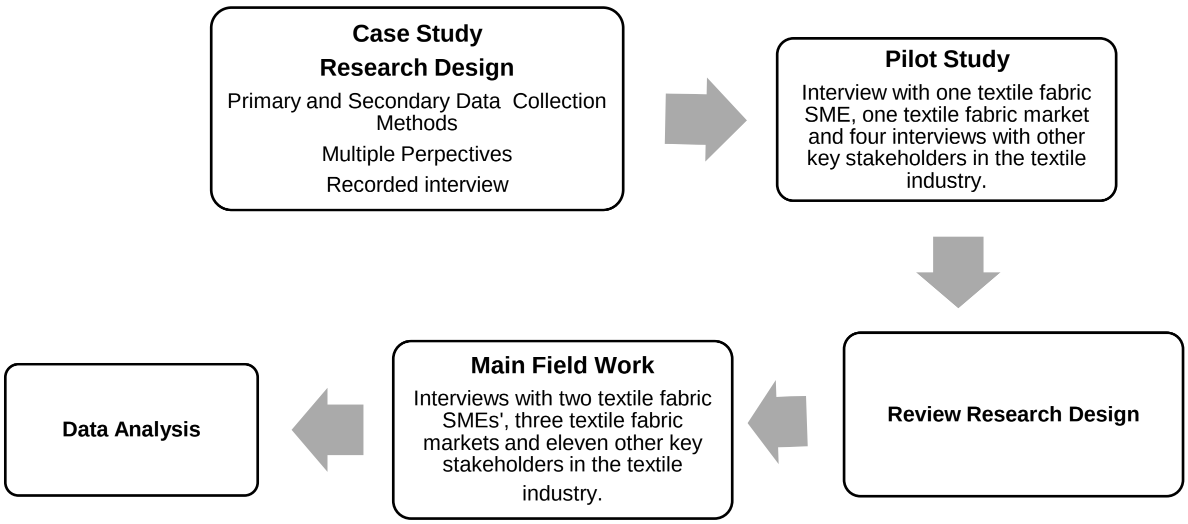
Source: NigerianMuse (2010)

Lagos currently has the highest population in the country of about 21 million out of the national estimate of 182 million (NPC, 2017; Lagos State Government, 2017). Nwagwu and Oni (2015) hold that if Lagos State were to be classified as an independent country, their 2010 contribution to the GDP of $80 billion automatically makes them the 11th largest economy in Africa. Furthermore, Ushakov (2014) notes that the United Nations predicts Lagos State to be the third mega city in the world after Mumbai in India and Tokyo, Japan. In terms of manufacturing, Lagos State currently accounts for approximately 53 percent of employment generation in the country and contributes 7 percent to the National GDP in the manufacturing sector. A survey conducted by the SMEDAN and National Bureau of Statistics (2013) indicate that Lagos State has the highest number of SMEs' in the country, 11,663 of which are recorded as SMEs' with an initial start-up capital of less than ₦10 million ($50,055). NUTGTWN (2014) validates that small and medium firms mainly dominate the textile industry in Lagos State. However, in recent years the productivity and competitiveness of the textile industry in the manufacturing sector of the economy have been on a downward trend. According to Manufacturing Association of Nigeria (MAN), the manufacturing sector in Lagos State is currently dominated by the food and beverage, pharmaceutical and automobile assembly industries due to the challenges faced by other industries such as textile in the sector (Nwagwu and Oni, 2015). In the past, Lagos State had the highest number of textile factories in the country and contributed immensely to the National Economy in terms of GDP, but currently, the once booming sector accounts for less than 3 percent of Nigeria's GDP (Gitari, 2012; NUTGTWN, 2014).

Pilot Study

As part of achieving the research objective of this study, a pilot study was conducted prior to the main fieldwork, in order to test the instruments of this research. Teijlingen and Hundley (2001) note that pilot study refers to pre-testing the effectiveness of research design and particular instruments, as in this case interviews. The aim of the pilot study is to provide the researcher with a clear understanding of the research topic and questions, also the techniques and methods such as design, which will be most suitable to adopt for the phenomenon under study (Blaxter et al., 1996). Prior to the preliminary study, a research design to aid the data collection process was drawn out, as shown below in Figure 9. Also, an internet search on SMEs' fabric manufacturers operating in the Lagos State textile industry and their trade unions were conducted and through the search, a list of textile manufacturing firms in the state was compiled. However, it was difficult to distinguish between large enterprises and SMEs'. This informed the decision to contact the relevant trade unions based on the outcome of internet search. Contacts were made through telephone and email conversation with trade union stakeholders in the industry and appointments were fixed prior to arrival in the country.

Figure 9 Research Design



The pilot study was conducted in June and July 2015: Two separate interviews with the Personnel/Administrative Managers of Woollen & Synthetic Lagos State; One-to-one interview with the Head Industrial/International Relations, Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI) Lagos State; Group interview made up of four participants (the TUC Chairman and ExCo Members of Trade Union Congress (TUC) Lagos State) and a telephone interview with a Comrade in TUC; Group interview with the Chairman Nigeria Labour Congress (NLC) and a Comrade with the NLC Lagos State; and Interview with two textile traders Sabo Market Lagos State and a group interview with Two Executives of Nigerian Association of Small and Medium Enterprises (NASME). Table 15 shows a summary of the pilot study with participants.

Table 15 Summary of Pilot Study

	Company/ Union	Interviewees
SME textile fabric manufacturer	Woollen & Synthetic	Two Personnel/Administrative Managers
Trade unions	Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI)	Head of Industrial/International Relations
	Trade Union Congress (TUC)	Group Interview consisting of four participants (TUC Chairman and three ExCo Members)
		One telephone interview with a Comrade in the TUC
	Nigeria Labour Congress (NLC)	Group Interview made up of two participants (NLC Chairman and a Comrade in the NLC)
Government and private sector owned organisation	Nigerian Association of Small and Medium Enterprises (NASME)	Group Interview involving two participants (The Secretary and Administrative Executive NASME)
Textile fabric retailers	Sabo Market	Two textile traders Sabo Market

The interview questions were centred on the research question, theoretical framework and literature review of this study. Based on the findings from the preliminary study, it was clear that SMEs' operating in the Nigerian textile industry are faced with a double impact of trade policies. That is, the SME sector is currently faced with individual challenges, in addition to that of the Nigerian textile industry. The double impact of trade policies on SMEs' operating in the industry led to the closure of 95 percent of firms. The study further identified three firms as the only surviving formal (registered) SMEs' into fabric manufacturing in Lagos State textile industry. Findings from the preliminary study were used to restructure the research questions and research design for the main field study, which informed the case selection. As part of achieving the overarching objective of this research, which is to understand the impact of trade policies on SMEs' Inter-organisational relationships in the Nigerian textile industry, more stakeholders in the industry were interviewed in order to have an in-depth understanding of the phenomenon under investigation. Employing multiple perspectives in data collection allow for a degree of data validity whereby the researcher can easily compare different sources of evidence (Bush, 2002). It also enables the researcher address issues ranging from historical, attitudinal to behavioural (Yin, 2003).

3.5.2 Justification for Case Selection

Case participants were selected based on two criteria. First, firm size (to qualify as an SME for the study, they had to be in accordance with the European Commission (2003) definition of SMEs' which is widely accepted by practitioners. That is, enterprises which employ fewer than 250 persons, with an annual turnover not exceeding €50 million ($56.2 million) = ₦11. 2 billion and a balance sheet total not exceeding €43 million ($48.3 million) = ₦9. 6 billion (Exchange rate $1 = ₦198. 279, Oando Corporation 24/06/2015). Given the lack of shared consensus among stakeholders on what constitutes an SME in Nigeria and the textile industry, the European Commission definition was adopted as a guide for this study because it recognises the differences between SME groups based on number of employees. The second criteria were based on the reputation and position of stakeholders in the market. Although more than 40 stakeholders in the Nigerian textile industry were contacted by email, in person or by phone, based on findings from the preliminary study and internet search conducted. However, not all of them were considered for the study for a number of reasons: (1) lack of response; not meeting the European Commission (2003) definition of SMEs'; (2) not actually into fabric manufacturing though considered part of the textile industry; (3) concerns that the subject was too sensitive in nature and not willing to partake in the study; and (4) inability of most participants to partake in the study due to time constraints and busy schedules. As a result, it was difficult to arrange for an interview with these intending participants. In view of this, only 27 cases were selected.

However, after 16 cases, there were similarities in the answers given to the research questions. Therefore, the process of case selection had to be stopped because the saturation point had been reached. Data saturation is the process of data collection and analysis to the point where no new information is being found in the study (Francis et al., 2010). Fusch and Ness (2015) converse that failure to reach saturation point in data collection impacts negatively on the quality and content validity of the research study. Top managers and stakeholders in key positions in various establishments were selected as key participants in the study based on their years of experience and knowledge of the Nigerian textile industry. This is a well-known approach usually used amongst researchers studying business relationships. Table16 shows a summary of the main field study.

Table 16 Summary of the Main Field Study

	Company/Union	Interviewees	Secondary Data Collected
SME textile fabric manufacturers	International Textile Industries (ITI)	Two separate interviews with the Personnel Manager and Assistant Personnel Manager	ITI Marketing Flyer on Counterfeiting
	Supreme Lace	One interview with the Managing Director	UNIDO 2003 and 2009 study on the Nigerian Textile and Clothing Industry and Newspaper article on Unbanning Textile Imports
Government bodies	Lagos State Ministry of Commerce and Industry	Two separate interviews with the Director of Industry Lagos State Ministry of Commerce and Industry; and Chief Industrial Officer, Ministry of Commerce and Industry Cooperative Lagos State	None
	Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)	One interview with the Senior Human Resources Administrator	None
	Nigerian Customs Service	One interview with the Deputy Superintendent Customs	None
Non-profit organisation	Lagos Chamber of Commerce and Industry (LCCI)	One interview with the Sectoral Group Manager MSME	LCCI Business Book (containing list of registered firms)
Trade unions	Nigeria Textile Manufacturers Association (NTMA)	Two separate interviews with the Director General and Deputy Director General	National Cotton, Textile and Garment Policy
	Textile, Garment Tailoring Senior Staffs Association of Nigeria (TUGSSAN)	One interview with the General Secretary	Picture
	National Union of Textile and Garment Tailoring Workers of Nigeria (NUTWGA)	Two separate interviews with the Acting General Secretary and Deputy General Secretary Education and research	National Cotton, Textile and Garment Policy; A book on the Textile and Garment Workers in Nigeria and the Nigerian Industrial Revolution Plan (NIRP) 2014
	Manufacturers Association of Nigeria (MAN)	One interview with the Director of Economics and Statistics	

	Company/Union	Interviewees	Secondary Data Collected
Textile fabric retailers	Aswani Market	Three separate interviews with the Secretary General/Textile Trader, Market Head/Textile Trader and a Textile Trader	None
	Oshodi Market	Two separate interviews with two Textile Traders	None
	Lagos Market	Three separate interviews with the President Lace Traders, and two other Lace Traders	None
Academic institutions	Yaba College of Technology	One interview with the Senior Lecturer, Department of Textiles, Ceramics and Fashion	None
	Federal College of Education, (Technical)	One interview with the Head of Department Fine and Applied Arts	None
	Lagos State University	One interview with the Associate Professor of Sociology/ Author Trade Liberalization and the Collapse of the Nigerian Textile Industry	None

3.6 Data Analysis

Data analysis involves the examination, grouping, arrangement or the combination of evidence to produce empirically based findings (Yin, 2014). Miles and Huberman (1994) assert that data analysis involves three sub-processes after data collection: data reduction, data display, and conclusion drawing/verification. Data reduction occurs once “actual field notes, interviews, tapes or other data are available, data summaries, coding, finding themes, clustering, and writing stories are all instances of further data selection and condensation”. That is, data reduction is a continuous process that occurs throughout the analysis of data, starting from editing, grouping and summarising the data, to coding, finding themes and patterns and finally through conceptualisation and discussion of the findings in a way that final conclusion can be drawn and confirmed (Punch, 2009).

Data display is an organised, compressed assembly of information that leads to conclusion drawing (Miles and Huberman, 1994). The researcher carefully works through the data set for reduction as a basis for reflecting on the meaning or story within the data. A more focused display includes structured summaries such as networks, diagrams, and charts (Punch, 2009). Conclusion drawing/verification, the aim of data reduction and display is to assist in drawing valid conclusions from the data (Miles and Huberman 1994; Punch, 2009). The researcher makes sense from the displayed data using various approaches such as comparison, identifying patterns, themes, and clusters.

This study adopted the three sub-processes of data analysis by Miles and Huberman (1994). It is difficult to analyse case study data because the strategies and techniques are not well defined (Yin, 2003, 2014; Bryman and Bell, 2015). Miles (1979, cited in Bryman and Bell, 2015) describes case study as an attractive nuisance due to the richness in data but difficulty in analytic strategy for data richness. Yin (2014) stresses the importance of case study is to obtain a specific analytic strategy in order to define priorities for what to analyse and why. The main analytical strategies identified in case study research are: (1) Theoretical proposition (which shapes the data collection plan of case study, reflects the research questions, objectives, and conceptual framework derived from the review of literature); (2) Working the data from the 'ground up' (this involves playing with the data in order to identify patterns); (3) Develop a case description (this involves organising the cases based on some descriptive framework); and (4) Examine rival explanations (the researcher tries to define and test plausible rival explanations with the application of the other three analytical strategies and may include alternative descriptions of the case) (Yin, 2014:140). Having generated the research objective and questions, and review of literature aimed at examining the impact of the trade policies on SMEs' inter-organisational relationships; this study, relies on the theoretical proposition as the main analytical strategy.

The chosen analytic strategy can be used in conjunction with any of the five specific techniques for case analysis; pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis (Yin, 2003; 2014). Pattern matching logic involves comparing empirically based patterns from the case study with the predicted ones made before the commencement of the study. If both patterns match, then the results can assist in strengthening the internal validity of the case study; Explanation Building is a special type of pattern matching, the aim is to build explanation about the case from the data analysis. The goal is to explain how and why something occurred and this could be in a narrative form, which reflects some theoretical propositions. Yin (2014) adds that this procedure is mainly relevant to explanatory and exploratory case studies. Time-series analysis is aimed at matching between the observed trend and a theoretically significant trend specified before the onset of the investigation or some rival trend, also specified earlier (Yin, 2014). Consequently, Yin (2009) enumerates that if the events have been traced in detail and with accuracy over time, time-series analysis technique may be adopted. Logic models deliberately stipulate a chain of events over an extended period of time. The events are phased in with a repeated cause-effect-cause-effect pattern. Cross-case synthesis technique is used in a study with a minimum of two cases; it treats each individual case study as a separate study (Yin, 2003; 2009; 2014). Explanation building technique was used in the analysis of data, using different sources of evidence (in this case, it was done using different sources from the pilot study and main study, which was made up of primary and secondary data) yielding insight into the impact of trade policies on SMEs' inter-organisational relationships; also, leading to recommendations for future policy actions, research and contribution to theory building (Yin, 2014).

The analysis of data in this study began with the transcription of interview findings; data were later coded and classified into meaningful themes and categories using Microsoft Words and thematic analysis approach. Though Microsoft Word is often criticised for lack of rigour because it is unable to gather all evidence and subsequently group them into similar themes unlike other analytical tool/software such as NVivo (Ibrahim, 2012). However, Microsoft Word was a suitable analytic tool in this study for a number of reasons: (1) it enables the researcher work closely with their research. Meaning, there is a connection between the researcher and the data, unlike other analytical software. Jones (2007) adds that other analytical software distances the researcher from the researched, thus providing a barrier between the researcher and their data; (2) it is very easy to operate as most researchers already possess the skills, unlike other analytical software (Condie, 2012); (3) the researcher can easily work around the data immediately after transcription as there is no need to import or export data; and (4) the researcher can easily code the data and identify emerging themes and patterns easily (Thematic analysis). Thematic analysis offers a systematic yet flexible and accessible approach to analyse qualitative data, leading to rich descriptions, explanation and theorising (Saunders et al., 2016). The purpose of thematic analysis is to search for themes, or patterns that occur across the data set (Saunders et al., 2016). That is, the process begins with data coding to identify themes or patterns for further analysis in answering the research questions. Given that, the focus of the study is on the impact of trade policies on SMEs' business relationships, multiple dyadic business relationships (consisting of stakeholders in the Nigerian textile industry) was taken as the unit of analysis.

3.7 Validity and Reliability

Trustworthiness and quality of a research depend on the validity and reliability of the research and in qualitative research, this refers to the manner in which the study was carried out (Merriam, 1998). Issues relating to validity and reliability can be addressed by paying close attention to the research design and the processes involved in the data collection, analysis, interpretation and presentation of findings (Guba and Lincoln, 1994). Trustworthiness and quality of a research are determined by four criteria related to validity and reliability. These are construct validity, internal validity, external validity and Reliability in establishing the quality of this research (Yin, 2003; 2014).

Construct Validity

Construct validity are procedures taken to establish correct operational measures for the phenomenon under study (Yin, 2003). It is also the extent to which the study investigates what it claims to investigate, for instance, the extent to which a procedure leads to an accurate observation of reality (Denzin and Lincoln 1994; Gibbert et al., 2008). There are three case study tactics that can be used to enhance construct validity in case study research. Firstly, is the use of multiple sources of evidence during data collection (Yin, 2009). In this study, two data sources (primary and secondary in the form of interviews and documents) collected from multiple stakeholders were used in order to understand the phenomenon under investigation. These methods proved to be the most beneficial sources of evidence when conducting a case study on a contemporary phenomenon as is the case of this research. Additionally, the participants in this study were co-creators of the research findings as they represented different stakeholder groups in and out of the Nigerian textile value chain, which made it possible to gain an in-depth understanding of the industry.

Secondly, the researcher must establish a chain of evidence, this will enable readers to adequately follow the derivation of any evidence in the research (Denzin and Lincoln, 1994; Gibbert et al., 2008; Yin, 2009; 2014). In the context of this study, this is seen to be well documented, bearing in mind the theoretical framework adopted for this study and literatures used in the analysis and discussion of findings are presented in the study. Furthermore, the procedures employed in answering the research questions of this study are well documented in chapter three under the research design; the interview guide is also presented in the appendix.

Thirdly, the researcher should have a draft of the case study report reviewed by key informants. This measure was partially accomplished in this study. Due to time constrains, only few participants were able to go through a review of draft findings. This is because it involved visiting individual establishment and taking the participants through the findings, thus seeking their approval of the findings. These tactics were therefore well implemented to a satisfactory level, thereby strengthening the construct validity of this study.

Internal Validity

Internal validity establishes a causal relationship, whereby certain conditions are shown to lead to other conditions between the researcher's observations and the theoretical development (Yin, 2003; Bryman and Bell, 2015). Yin (2009) asserts that internal validity is only applicable to casual or explanatory case study, in which the researcher demonstrates that variable x leads to outcome y, and that y was not caused spuriously by a third variable z. Given this is an exploratory case study; it is difficult to establish accurate causal relationships between events based solely on qualitative data from interviews. Hence, internal validity is of no relevance in the context of this study.

External Validity

External validity relates to defining the domain to which a study's findings can be generalised beyond the case study, regardless of the research inquiry employed (Yin, 2003; 2014). In case study research, external validity is determined by analytical generalisation. Gibbert et al (2008) explain that analytical generalisation, as opposed to statistical generalisation refers to the generalisation from empirical observations to theory, rather than a population. That is, in analytical generalisation the researcher strives to generalise a particular set of results to some broader theory by replication logic (Yin, 2003, 2014). This is achievable by employing three main strategies: First, through case analysis. Having employed multiple case study design, the study employed an explanation building technique of case studies from different organisational stakeholders in the Nigerian textile industry. Second, rationale for case selection: The rationale for case-study selection in this study is explained under the justification for case selection section. The section highlights reasons why selected case studies were appropriate in view of answering the research questions, thereby achieving the research objective of this study. Third, by presenting sufficient details on the case context: Details on the case study context are extensively analysed in chapters four, five and six; yielding insight into the impact of trade policies on SMEs' inter-organisational relationships, and the need for multiple stakeholders in shared value co-creation in the Nigerian textile industry.

Reliability

Reliability in research demonstrates that the operations of a study such as the data collection procedures can be repeated, with the same findings and conclusion, if repeated by another researcher (Yin, 2003; 2009). This is aimed at reducing errors and biases in a study (Yin, 2003). Reliability in case research can be enhanced through the use of case study protocol (a report that contains how the case study was conducted) and a case database (which includes case notes, documents and other evidence collected during the study). This should be organised in a way that is easily accessible to researchers in the future (Yin, 2003; 2014; Gibbert et al., 2008). In this view, information relating to case study protocol on how the study was conducted is fully documented under research design and analysis section of this chapter. Also, a case database was created containing interview questions and other documents collected during the study, which is located in the appendices section.

3.8 Summary of the Chapter

This chapter has critically reviewed various paradigms of research and justified the methodological choice of this study. Constructivism philosophy, inductive approach, and case study strategy were chosen as the appropriate mode of inquiry for the study because it aligns with the overarching research objective and questions. A pilot study was conducted prior to the main fieldwork in order to test the research tools. Findings from the preliminary study were used to restructure the research design and questions. Primary data were collected through face-to-face semi-structured in-depth interviews; secondary data were also gathered in the form of documents. Strategies employed for the analysis of data were also discussed in details. Finally, the chapter explains how issues relating to the validity and reliability were ensured to maintain trustworthiness and quality in the study. This included the use of multiple data sources and the creation of a case study protocol and database, which are documented under the research design and analysis section of this chapter and appendices.

CHAPTER FOUR: RESEARCH QUESTION ONE

Constitution of SMEs' and Issues of Trade Policies in the Nigerian Textile Industry

4.1 Chapter Overview

Given the overarching objective of this study is to understand how trade policies impact on SMEs' inter-organisational relationships in the Nigerian textile industry from a shared value perspective; the first step of achieving this objective is to understand what constitutes SMEs' in the Nigerian textile industry and the impact of trade policies on these firms. The literature indicates that the constituent of SMEs' varies from one country to another and from one industry to another, hence the importance of this research question, which seeks to contextualise the constituents of SMEs' in the Nigerian textile industry. The analysis in this chapter is divided into two sections. Section 4.2 starts by examining the constituents of SMEs' in Nigeria before going on to focus on the makeup of the textile industry from the stakeholders' perspective. The analysis of both points will inform the discussion on what constitutes SMEs' in the Nigerian textile industry. Section 4.3 presents the trade policy issues faced by SMEs' operating in the Nigerian textile industry.

4.2 Constituents of SMEs' in Nigeria

SMEs' are recognised worldwide as the drivers of socioeconomic growth and development and facilitate integration into the global economy of many countries. They contribute significantly to the development of nations through job creation, higher production volumes and greater utilisation of local raw materials, gross domestic product (GDP) and gross national income (GNI), poverty reduction and improved standard of living, increased exports, innovation and entrepreneurship skills (Chibundu, 2006; Bashir, 2008; Bashir, 2009). In African countries, SMEs' makes up about 90 percent of the private sector and contribute more than 50 percent of the workforce and GDP (UNIDO, 1999; Katua, 2014). In Nigeria for instance, SMEs' accounts for more than 60 percent of the country's GDP (Odeyemi, 2003; Udechukwu, 2003; Bouazza, 2015). Despite their contribution to economic growth, there are numerous contradictions on what really constitutes SMEs' in Nigeria and this lack of consensus, especially among key stakeholders has impacted on the competitiveness of the sector. Findings from this study indicate that the definition of SMEs' in Nigeria varies from one governmental organisation to another. In the discussion that follows, this study examines various definitions of SMEs' from four government stakeholders.

Firstly, the Federal Government of Nigeria is considered most important from a policy perspective as they set the overriding national agenda for the sector. The Federal Government defines SMEs' in their National Policy on Micro, Small and Medium Enterprises (2014) as:

"Small Enterprises as those whose total assets (excluding land and building) are between 10,000,000 Naira and 100,000,000 Naira ($50,055.1 and $500,551) with a total workforce of 10 to 49 employees, While Medium Enterprises are those enterprises with total assets (excluding land and building) are above 100,000,000 Naira ($500,551), but not exceeding 1,000,000,000 Naira ($5,005,510) with a total workforce of between 50 and 199 employees".

The reasoning for this definition is linked to a focus on the developmental objective of the private sector as an enabler of wealth creation, job creation and poverty reduction through a partnership between the government, investors and business owners in the country. It shows that the Federal Government adopts the asset and number of employees' base criteria in defining SMEs'. However, in practice they seem to place more emphasis on the number of employees' criteria, which can be misleading. For instance, the use of employee number as criteria for SMEs' classification in practice indicates that if a firm has an asset worth 12,000,000 Naira ($60,066.1) but with seven employees, that firm is therefore classified as micro. Furthermore, the National Policy explains that the employment-based classification provides a more stable definition; giving the inflationary trends that frequently compromise asset-based definitions. Balunywa (2010) argues that the employee base definition is of huge disadvantage, especially for firms that are labour intensive. Furthermore, Gibson and Vaart (2008) add that defining SMEs' on an employee basis can be misleading because research on cross-country policies who use this definition is at the risk of putting firms in categories based on their inabilities and lack of value creation. This is true in the case of Nigeria, given the fact that it is a very big and diverse country with a population of 182 million (NPC, 2017). Also, the manufacturing sector in Nigeria alone is made up of over 95 percent SMEs', 50 percent of which consists of SMEs' mainly into distributive trade, 10 percent are into manufacturing, 30 percent are into agriculture and 10 percent in service (Odeyemi, 2003; Udechukwu, 2003; Chibundu, 2006). It is therefore unrealistic to operate solely on the employee base definition in practice as prescribed by the Federal Government's MSME policy because what is known as SME in one region of the country might not be the same in another. Also, what is classified as SME in textile industry might not be the same in other industries operating in the manufacturing sector. Thus, operating based on one criterion is misleading as it hinders equal access to funds and other benefits/supports meant for SMEs' operating in the country.

Secondly, similar to the MSME policy by the Federal Government, the Small and Medium Development Agency of Nigeria (SMEDAN) which is an agency set up by the Federal Government defines SMEs' as:

"Small Enterprises as those enterprises that have between 10 to 49 employees with an asset base of not less than 50,000,000 Naira ($250,275), while Medium Enterprises are those between 50 and 199 employees with assets not more than 500,000,000 Naira ($2,502,750)".

The SMEDAN's definition is aimed at growing SMEs' in the country in terms of training and capacity building programmes, access to loans and grants and access to information. Similar to the Federal Government, SMEDAN adopts the asset and number of employees' base criteria for SMEs' definition. However, in practice they seem to place more emphasis on the asset base criteria. Gibson and Vaart (2008) hold that there are numerous flaws in defining SMEs' based on assets. They list the imperfections in this criterion as follows: (1) SMEs' do not have estimated fixed asset due to economic constraints such as; imposed substantial asset taxes, inconsistencies on the part of the government on what they regard as assets when defining firm size (some make use of both land and fixed assets, while others use only fixed assets); (2) the value of local currency on fixed assets are most likely to understate the true value of assets when there is an inflation; and (3) asset base definition fails to recognise efficiency in the same manner employee based definition fails to recognise labour efficiency. The contradiction in SMEs' classification by the Federal Government shows the lack of consensus and shared understanding on what really constitutes SMEs' in the country. It also shows a huge gap between policy implementation and practice in terms of rhetoric and what is being practiced in reality.

The ‘design reality gap’ in terms of SME classification is not a Nigeria specific problem. Using six African countries (Angola, DRC, Mozambique, South Africa, Zambia and Zimbabwe) as a case study, Thoke (2012) identifies a huge gap between policy implementation and what does happen in reality as major failures and constraints’ to growth and development in developing countries. Makinde (2005) identifies the gap between policy rationality and reality as a result of: (1) the policy itself; where the gap between rationality and reality can occur when the policy is enforced solely by the government rather than collaboratively from key stakeholders. By this, stakeholders are unable to contribute in the decision-making process of policy formulation and adequate execution. Thus, the process of policy formulation is one-sided and bound for failure; (2) the policy makers or the environment in which the policy is being made; the failure of policy makers to take into account of the economic, social, political and administrative variables in the process of policy formulation is most likely to suffer from implementation gap. For instance, when the government fails to take into account the economic situation of the country, such policy or policies will suffer from implementation gaps because such policy cannot succeed without economic support. This can be clearly seen in the case of Nigeria, where the Federal Government through its National and Agency policy has a contradicting view on SMEs’ classification in the country.

Thirdly, the divergence in SMEs’ misconception found in this study can be seen in the Central Bank of Nigeria (CBN), which is charged with the overall control, and administration of monetary and financial sector policies of the Federal Government. Empirical studies suggest that in the past, the CBN was directly controlled by the Federal Government under the Minister of Finance (CBN Act, 1991) in regards to the supervision and control of banks and other financial institutions (Chibuike, 1997; CBN, 2012; CBN, 2017). The CBN Act 1991 was later amended and replaced with a new act in 2007, which made the CBN independent of the Federal Government (CBN, 2012; CBN, 2017). According to (CBN, 2012:1) “Central bank independence refers to the freedom of central banks or monetary authorities to conduct monetary policy without political interference”. In this view, one of the major objectives of the CBN is to promote and develop the SME sub-sector of the economy. The CBN creates credit guidelines required for banks to allocate specific minimum percentage shares of credit to SMEs’ at preferential rates (Sanusi, 2003). Although the CBN operates as an independent body in theory, but in practice, the CBN is indirectly controlled and influenced by the Federal Government. In order to sustain government policies, most of the big decisions made by the CBN are influenced by the federal ministry of finance. For instance, the Federal Government has the power to appoint and impeach the governor of the CBN at any given time based on financial recklessness and misconduct or the impeachment can be politically motivated (Ehikhoya, 2014; BBC, 2014; Olugu, 2014). Thus, the CBN therefore defines SMEs' based on asset and employee criteria as:

"Those enterprises with total assets (excluding land) that is above 5,000,000 Naira ($25,027.5) but not exceeding 500,000,000 Naira ($2,502,750) with a total workforce between 11 and 300 employees".

Though the CBN adopts the asset and employee base criteria, they however, primarily operate using the asset base criteria in practice, unsurprisingly given their role as administer of monetary and financial matters. The complexity in SMEs' definition varies from one tier of government to another, which is very misleading, as there exists a gap between policy rational and reality. This contradiction goes a step further given the role of the CBN in the country. Over the years, successive governments have established various schemes aimed at financing SMEs' sub-sector in the country. One of such schemes is the establishment of the Small and Medium Industries Equity Investment Scheme (SMIEIS) by Bankers' Committee initiated by the CBN. SMIEIS was introduced during the 246th meeting of the Banker's Committee in 1999; the scheme is aimed at bridging the years of financial struggles faced by SMEs' and address their developmental issues. The idea was that 10 percent of banks' profit before tax should be channelled annually into equity investments in SMEs' (Sanusi, 2003:12). For the purpose of the SMIEIS initiative, the CBN defines SMEs' as:

"Those enterprises with a maximum asset base of 200, 000,000 Naira ($1,001,100), excluding land and working capital, with total workforce not less than 10 and not exceeding 300".

Like the CBN, SMIEIS adopts the asset base criteria in practice. While these stakeholders adopt the asset base criteria, there is still a lack of consensus between them on what constitutes an SME based on differences in the definition of their asset criteria. This conflicting view of the same government body is extremely misleading as it poses a lot of barriers to SMEs' sustainability and development. It is evident that finance plays a huge role in SMEs' long-term sustainability. However, findings from this study and other empirical studies such as; Fatai (2011) and Okonkwon and Obidike (2016), confirm that majority of SMEs' are being discriminated or given stringent conditions by banks assigned to disburse funds to enhance their development in the country. This again demonstrates a huge gap between rationality and reality or practice. For instance, most SMEs' who fall into the CBN's criteria might be classified as large under the SMIEIS initiative and vice-versa. Similarly, firms who fit into the asset base criteria of SMIEIS might be classified as large based on their number of employees using the CBN definition and vice-versa, and these compounds SMEs' challenges in the country of what constitutes the SME sector. As noted by the Sectoral Group Manager SMEs' Lagos Chambers of Commerce and Industry (LCCI):

"From our meeting with the CBN in July 2015, it was discovered that the debate on what constitutes an SME in Nigeria is one of the major reasons why these SMEs' *are unable to access intervention funds provided by the government through the CBN. The intervention fund is a scheme designed for* SMEs' *who go by the definition of the CBN".*

The lack of shared consensus on what really constitutes SMEs' among stakeholders at the federal level makes it extremely difficult to support and enhance SMEs' competitiveness in the country. As drivers of socioeconomic growth and development, the need for a conducive environment for SMEs' to thrive cannot be overemphasised. However, it is not strange that "a house divided cannot stand". In order to efficiently support SMEs' development, there must be a shared understanding between all stakeholders on the constitution of SMEs', one that is applicable to all sectors of the economy in order to co-create shared value for both SMEs' and the society and to enhance socioeconomic growth and development.

Fourthly, Eferakeya (2014) submits that the Bank of Industry (BoI) defines SMEs' using asset and number of employee's criteria as:

"Small Enterprises as those whose capital investments (excluding land and/or labour) are between 1,500,000 Naira and 50,000,000 Naira ($7,508.26 and $250,275) with a total workforce of 11 to 100 employees, While Medium Enterprises are those enterprises with capital investment (excluding land and/or labour) that is above 50,000,000 Naira ($250,275), but not exceeding 200,000,000 Naira ($1,001,100) with a total workforce of between 100 and 300 employees".

The reasoning for this definition is linked to the fact that BoI is a government-owned developmental financial institution aimed at providing financial assistance to Nigeria's industrial sector, and thus operates using the asset base criteria in practice. BOI works closely with various arms of government, such as the CBN and SMEDAN to enhance SMEs' development and competitiveness through the disbursement of funds via deposit money banks. However, similar to CBN and SMIEIS, BoI definition is also misleading because it adopts only the asset base criteria in practice, which diminishes SMEs' access to funds and other developmental support.

For a balance, a non-governmental perspective on SMEs' is provided by LCCI who adopts the CBN definition of SMEs'. The rationale for adopting this definition is because LCCI is aimed at supporting business communities made up of the organised private sector through policy advocacy, creation, and business development. However, as a non-profit organisation, there could be an expectation for the LCCI not to adopt the same economic approach as the CBN because this shows a distinctly different set of stakeholders sharing the same definition for different purposes. Though there is a shared consensus among these stakeholders on SMEs' criteria; based on asset and numbers of employee, but there is a lack of shared understanding and collaboration between government organisations and non-governmental organisations because they do not have the same definition. Following the discussion on the above, the second part of this section focuses on the makeup of the textile industry from the stakeholders' perspective.

Constitution of the Nigerian Textile Industry

The contradiction of what constitutes SMEs' in the Nigerian textile industry cannot be critically analysed without an in-depth knowledge on the make-up of the industry from key stakeholders. As documented in the literature review chapter, extensive research has been conducted on the Nigerian textile industry and the various accounts of the formation of the industry. However, in order to have an in-depth understanding of SMEs' operating in the Nigerian textile industry, it is necessary to have a grounded knowledge on the make-up directly from key stakeholders. Unlike the definition of SMEs', government agencies do not have any formal definition of textiles. Hence, this discussion relies exclusively on the primary data and is framed around two broad perspectives; educational and practitioners. From an educational perspective, The Head of Department (HOD) Fine & Applied Art, Yaba Federal Polytechnic Lagos accounts that textile production in Nigeria can be grouped into two broad categories: manual and industrial.

"Manual textile production also known as "traditional textile production" utilises traditional handmade techniques for textile production such as tie and dye, stitching and waxing from which traditional attires like adire, elekor, kampala and batik are made. They are mostly found in rural areas and operate in small scale, some of them still hold the production process sacred and do not allow people into their factory/workshop. Industrial textile production on the other hand, engages in large scale production of fabrics such as Ankara, lace and numerous others".

Makinde et al (2015) reports that manual production in Nigeria also known as "traditional textile" can be classified as woven, non-woven, dyed or designed patterns on the surface. These textiles are structurally designed and produced using a combination of vertical and horizontal looms, some of these fabrics include; Aso Oke, Akwete, Adire, Okene, Batik and numerous others. These fabrics are known for their long-age qualities in terms of durability, unique texture and traditional design. They are often used as daily wears and traditionally for special occasions such as weddings, chieftaincy titles and countless others. They also serve other commercial and domestic purpose such as; window blinds, bed sheets, school bags, and pillowcases. While industrial textile refers to textiles produced with automated electronic machines, which usually comes in a variety of colours, designs, and quality (Makinde et al., 2015: 337).

From a practitioner's perspective, the Director General Nigerian Textile Manufacturers Association (NTMA) and Nigerian Textile, Garment and Tailoring Employers Association (NTGTEA) narrates that:

"The Nigerian textile industry was originally made up of "real textiles" manufacturers. These are manufacturers who produce the original textile fabrics using industrial methods before the clothes are being sown".

Industrial textiles refer to the production of textiles using automated electronic machines made in a variety of colours, designs and quality (Makinde, et al., 2015). The quality of the machinery and equipment installed determines the quality of the production output (Onyeiwu, 1997). It is a very labour intensive industry that requires specific skill sets and technical training of skilled and unskilled workers. Nigeria's industrial textile production was originally made up of manufacturers who utilise cotton, silk and other fibres for fabric production. The Chairman, Nigeria Labour Congress (NLC) Lagos State explains:

"Nigerian textile industry was originally made up of manufacturers who utilise cotton in conjunction with other industrial processes in fabric production. However, due to the challenges of the industry that led to the closure of numerous firms and diversification, the government and trade unions decided to merge manufacturers from other sub-sectors and those who diversified into other industries (such as; plastic production, carpets, tailoring, sacks and rope, yarn and polyester manufacturers and countless others) with the remaining "real textiles" fabric manufacturers to make-up the Nigerian textile industry".

Due to socioeconomic constraints, it is difficult for Nations to succeed in all industries, thus it is important to identify and develop their competitive industries (Porter, 1990). This can be seen in the account provided by key stakeholders on the make-up of the Nigerian "industrial" textile industry. This account shows that in a bid to manage resource dependency in the country, manufacturers from various sub-sectors were merged with fabric manufacturers to share similar sources of competitive advantage. Porter (1990) notes that an industry is made up of competitors who engage in the production of goods or services that share similar sources of competitive advantage and thus compete directly with each other for these advantages. Industries can be brought together to share similar sources of competitive advantage. However, without the right set of supportive policies and joint collaborative efforts of key stakeholders in achieving the set objectives, such efforts have a tendency to fail. To further illustrate this point, Wu (2006) outlines that during the 1950s in China; the government directly controlled major industries in the country. This led to numerous challenges ranging from excessive domestic demand to lower production capacity and trade imbalance. In order to address these challenges, the government in collaboration with key stakeholders in industries such as Textiles introduced and reviewed where necessary series of economic supportive policies that were strictly monitored and actualised in order to enhance the competitiveness of their manufacturing sector.

Given the new insight into the contradiction in SMEs' definition in Nigeria and the make-up of the textile industry, the next step is to use this information/knowledge to come up with a definition for SMEs' in the Nigerian textile industry. Storey (1994) notes that firms differ in their levels of capitalisation, sales, and employment. Hence, when this definition is applied to one industry, it might lead to all firms being classified as small, while the same size definition when applied to a different sector might lead to a different result. For the purpose of this study, it is important to establish a standard definition for SMEs' operating in Nigeria and specifically the textile industry and the need for a shared consensus among key stakeholders in the country. To achieve this, the first step is to come up with a textile-specific definition for SME fabric manufacturers in Nigeria using data from the preliminary and main field study of this research as shown below in Table 17. The second step is to combine the textile specific definition of SMEs' with the other stakeholders' perspectives of SMEs' discussed in section 4.2 above. The idea is to bring in shared consensus by putting SMEs' in a broad span in any organisation in Nigeria.

Table 17 Description of SMEs' into Fabric Manufacturing in Nigeria

Company Name	Company Size	Current No. of Employees	Current Asset (excluding land and working capital)	Previous Asset (before the issues) (excluding land and working capital)	Previous No. of Employees (before the issues)	Main Products
ITI	Medium	119	₦1.2million	₦12million	480	School uniform, suiting materials, shirting materials and also paramilitary and military uniforms
Supreme Lace	Small	35	₦50million	₦500million	300	Lace Materials
Wollen & Synthetic	Medium	250	₦840,000	₦2billion	1000	Suiting material, shirting materials, foam covers for mattress making, towel, window blinds, school uniforms, and bed sheets, military and paramilitary uniforms.

Based on this research findings, SMEs' in the Nigerian textile industry can be defined using the following criteria; assets, numbers of employees' and products they produce (as represented in Table 17 above) as:

"Those enterprises that produces fabrics from natural or man-made fibres through industrial fabric production processes such as spin yarns used in knitting or weaving, with a staff strength between 10 to 250 and assets of not less than ₦840,000 *($4,204.63) and not above* ₦50million *($250,275) excluding land and working capital".*

Therefore, based on the different stakeholders' perspectives and range from the lowest to the highest using the following criteria: asset and numbers of employees. SMEs' can be defined as enterprises that fall into the broad category as:

"Those enterprises with an asset base between ₦840,000 (*$4,204.63) and ₦1,000,000,000 ($5,005,510), excluding land and working capital, with total workforce not less than 10 and not exceeding 300".*

Although numerous studies on the textile industry suggest that it is mostly dominated by SMEs' worldwide, this perception is however different about SMEs' in the Nigerian textile industry. Data collected seem to indicate that SMEs' do not have the financial capacity to operate in this capital-intensive environment. Most of the interviewees noted that textile manufacturing is not a playing field for SMEs' because they lack what it takes to operate in such an environment, suggesting that only large corporations can operate in the textile industry because they possess the required funds for a textile plant. In view of this, the Director Economics and Statistics Manufacturers Association of Nigeria (MAN) notes:

"There are no SMEs' in textile because by definition in terms of capital employed, to start a textile plant in Nigeria, you must have at least a million dollars in order to buy your machines and put other facilities in place".

There are few barriers to entry into the Nigerian textile industry in terms of capital. For instance, it is believed that SMEs' do not have the financial capacity to invest in such an industry. In addition, many commercial banks are unwilling to finance SMEs' due to perceived risks and uncertainties such as the absence of appropriate managerial skills and access to modern technology (Eze et al., 2016). However, potential manufacturers who are able to raise the required capital can easily enter the industry (Onyeiwu, 1997). The General Secretary of Textile, Garment Tailoring Senior Staffs Association of Nigeria (TGTSSAN*)* adds:

"SMEs' do not exist in the textile industry and there is none that I know of as they are not supporting us in Lagos. SMEs' have no limitation to any of the industries, but the textile industry is capital intensive and it is not meant for SMEs' to go into. Traces of SMEs' can only be found in the marketing side which is a shop system".

These contradicting views show the lack of shared understanding of what constitutes SMEs' between stakeholders in the Nigerian textile industry and this makes it difficult to understand their needs and implement the right policies in addressing the challenges they face in their domestic business environment. SMEs' in Nigeria are meant to have a holistic definition to enable and ease potential partnership and collaboration between stakeholders in the country that can lead to successful implementation of developmental strategies for SMEs' socioeconomic development as seen in many other countries. The lack of a holistic definition and convergence of stakeholders has contributed immensely to the policy issues and lack of competitiveness facing the Nigerian textile industry.

4.3 Trade Policy Issues Faced by SMEs' in the Nigerian Textile Industry

Numerous literature such as Agwu and Emeti (2014) and Farsi and Toghraee (2014) have extensively discussed the issues faced by SMEs' in their business environment. Some of these studies show that the challenges associated with SMEs' and their failures are sometimes self-inflicted, such as: lack of planning, poor marketing strategies, lack of technical knowledge, lack of capital or their operative environment such as unfavourable government policies, globalisation effect and financial institutions (Onugu, 2005; Mudavanhu et al., 2011; Ogechukwu, 2011; Fatoki, 2014). However, little is known about the issues posed by trade policies on SMEs' in their domestic business environment, especially those operating in developing countries such as Nigeria (Bouri et al., 2011; Wang, 2016). Findings from this study present detailed account of the origin of trade policy issues facing the country's textile industry. There are 3 major policies that have impacted on the industry. The first trade policy is the ISI policy. Findings from this study show that the Nigerian textile industry came about due to government policy on import substitution, the aim was to substitute imported fabrics with those locally manufactured. The goal was to convert the abundance of raw materials such as cotton in the country to finished products in order to reduce the country's dependence on foreign fabrics and conserve foreign exchange. According to the Acting General Secretary of the National Union of Textile and Garment Workers of Nigeria (NUTGWN):

"SME manufacturers of fabrics benefited immensely from policies on backward integration and ISI between the 1970s and early 1980s. However, from the mid 80's, the industry started witnessing a downturn. There were issues of government mismanagement of funds and neglect of the textile industry and inconsistent policies".

ISI was a developmental policy designed to protect domestic industries through trade barriers such as tariffs, imports quotas, and countless others. It was also aimed at promoting domestic products to replace foreign-made goods that were consumed as imports as well as provide an entry route into export markets (Ogujiuba et al., 2011; Mendes et al., 2014). Ogujiuba et al (2011) link the failure of ISI in Sub-Saharan African countries such as Nigeria to the following: (1) ISI in Nigeria operated strictly in protected markets and thus was isolated from global technological changes and uninfluenced by domestic and international competition; (2) Firms in sub-Saharan Africa failed to use ISI as a learning process to acquire the necessary technological capability for export production. ISI encouraged investment and accumulation of production capacities, but paid little attention to the accumulation of technological capability. It therefore failed to lead to the type of growth booms associated with industrial revolutions. Meanwhile, Ogechukwu (2011) ascribes the failure of ISI in Nigeria to the oil boom of the 1970's which led to the neglect of the manufacturing sector (including textile) and the mismanagement of funds which caused the country to accumulate debts.

The Indigenisation Decree termed "Nigerianisation" in 1972 and later the Nigeria Enterprises Promotion Act 1977, which were aimed at preserving the country's foreign exchange reserves and changing the ownership structure of the local textile industry from foreign domination also contributed to the failure of ISI (Beveridge, 1991; Nwabueze, 2009). Moran (2007) discusses that countries operating under protectionist policies are prone to reduced growth and integration into the world economy than countries that compete with less protectionism. Protectionist policies are only necessary in enabling infant industries develop and become adequately strong and competitive when protection is eventually lifted. However, such policies can only work with economic support and the right policy framework, which did not seem to have been the case in the Nigerian textile industry. For instance, Hartungi (2006) noted that countries such as Japan, USA, and Germany once operated under a protectionist policy before reaching maturity. The failure of ISI policy in Nigeria led to the introduction of the second policy on SAP/WTO.

The second policy was the introduction of SAP and later the WTO, which was in furtherance of the SAP objective. Stakeholders' in the industry discuss that by 1986, the industry started experiencing a downturn due to government mismanagement in the country. In a bid to save the economy, SAP was introduced; however, the purpose of SAP in Nigeria was defeated as it led to the closure of numerous textile firms. By 1994, there were only 120 textile unit left out of 170 in the country and approximately 120 to 124 textile mills in operation and 137,000 labour force.

This downward trend continued in January 1997 when the government announced the removal of trade barriers on the importation of textiles as one of the conditions for signing the WTO agreement that liberalise trade. This policy opened up the Nigerian market to foreign competition, which led to the continuous closure of firms in the country. In discussing the challenges that befell the industry, the Acting General Secretary of the NUTGWN discusses that:

"The mid 90s was when we started having what I will call "problems", problem of machineries, smuggling, counterfeiting amongst others. The industry has been on a downward trend till date. We have lost a lot of factories due to these bad policies such as the WTO that tends to liberalise trade and of course Nigeria textile industry had it so bad that it was difficult to compete in the international market because of all these factors I numerated like power, smuggling, and policies".

Changes in the global market due to liberal rules have hindered the competitiveness of most SMEs' based in developing countries like Nigeria; this also poses new challenges for the governments of these countries in terms of sustaining the competitiveness of domestic firms. According to OECD (2000), the government alone has the power to create an enabling business environment for SMEs' to thrive through the implementation of supporting policies. However, empirical studies such as; Moore and Manring (2008) and Porter and Kramer (2011), contradict this view, due to the dynamic nature of today's changing global business environment, the government alone cannot create an enabling environment for firms to thrive. That is, for a nation to thrive in various sectors of their economy, they require certain economies of scale that can only be achieved by economic support through co-creation of shared values between the government and relevant stakeholders (Porter, 1990; Makinde, 2005; Moore and Manring, 2008; Porter and Kramer, 2011). The current trade policy issues facing the Nigerian textile industry was also foreseen by the former President of the NLC in 1996 who advised members of the trade union on the dangers of globalisation on return from a conference on globalisation in Geneva, Switzerland. According to him:

“The world is going global and trade is being liberalised in a number of countries, while many others are being blackmailed into joining this madness of Trade Organisation. What this means is that technology will know no national boundary. You are not at liberty to say what the appropriate technology for your country is. That is going to be decided by the market, unfortunately, and it will be decided wholly on the basis of the profit-motive”.

Due to economic liberalisation, firms are looking for new avenues to sustain their competitiveness. Kubickova et al (2014) opined that one way firms are trying to meet this agenda is to attain long-term profitability. This has made foreign competition inevitable, especially for SMEs’ in both international and domestic markets due to numerous barriers, most of which arise from their business environment such as; lack of efficient macroeconomic policy, efficient regulatory policy and other resources (Hartungi, 2006; Kubickova et al., 2014). A key example can be seen in the Nigerian manufacturing sector where trade openness was found to have a negative impact on the competitiveness of domestic firms due to foreign competition (Edeme and Karimo, 2014). The former NLC President goes further to outline that:

“The union can decide, for instance, to oppose this trend. If it does, it may still lose out. I know some of the British unions have made the issue of changing technology a little difficult by resorting to all sorts of procedures and rules that must be observed before machines are put in place. What is happening now is that if you do not modernise, our national government will not protect local industries. It means our own domestic market cannot even be secured for you. So, foreign goods will still take over the market”.

Economic liberalisation has changed the rules of trade, as national economies become more homogeneous and more integrated with the outside world through trade (Jia, 2001:32), competitive pressures mount, especially in developing countries like Nigeria who lack the right policy framework and resources to support their domestic industry. This point is illustrated above by the former NLC President who foresaw future challenges that could befall the Nigerian textile industry if they fail to modernise and advised on the importance of collaboration in addressing future competitive pressures. In order to sustain their competitiveness, developing countries like Nigeria must design policies that develop certain capabilities: Firstly, they must undergo an evolutionary advance in science and technology for socioeconomic development and sustainable competitiveness (UNTAD, 2003; Manyika et al., 2012). Secondly, they must maintain macroeconomic stability and structural reforms. Thirdly, they must establish a network of collaborative partners in and out of the production value chain with key stakeholders that can respond quickly and adequately to changes in the business environment (Ouattara, 1997). In this study, there was an equal emphasis by participants on the impact of other related policies on SMEs' business operations in the country and these are discussed next.

4.3.1 Related Policies

The success of economic liberalisation is being reflected in the type of strategies used by the governments of various countries to respond to them. As illustrated in the discussion above, the issue of unfavourable and inconsistent government policies is the major failures of liberal rules in developing countries. According to Tang and Harrison (2005:148) "while trade integration opens new opportunities and can strengthen an effective growth strategy, it cannot ensure the strategy is effective". That is, liberal rules can only be effective when they are accompanied by other measures such as: macroeconomic policies, trade-related infrastructure and institutional policies, investments and human resource development, easy access to develop and developing countries' market, good governance and the rule of law (Tang and Harrison, 2005; Ijeoma, 2013). The above factors fits into elements of this research and found to be absent in the context of SMEs' operating in the Nigerian textile industry. For instance, macroeconomic policies are linked to issues of monetary and fiscal policies, trade- related infrastructure and institutional policies, is related to issues of banning, influx of textiles and high cost of production found in this study.

Macroeconomic Policies (Monetary and Fiscal Policies)

Macroeconomic policies are instruments through which the government of an economy tries to regulate economic affairs of a country in line with set objectives (Olarinde and Abdullahi, 2014:101). This can be in the form of monetary or fiscal policy. This study found out that monetary and fiscal policy has an impact on the productivity and competitiveness of the Nigerian textile industry. For instance, the Managing Director Supreme Lace expresses that the major challenges facing SMEs' fabric manufacturers in the textile industry are:

"Inconsistent policies and lack of measurable policies by the government and everything affecting the textile industry today boils down to government's monetary and fiscal policies such as funding and bans".

Over the years, the Nigerian government has embarked on the implementation of various macroeconomic policies such as; monetary and fiscal policy aimed at improving socioeconomic growth and development through the contribution of the manufacturing sector (Eze and Ogiji, 2013). However, the inconsistencies in government policies have posed a number of threats to the survival of the country's industrial sector. It is very easy to formulate and implement economic policy, but the main challenge lies in sustaining and maintaining the policy (Abubakar and Abubakar, 2014). Bakare (2011) links the inconsistencies and failures of macroeconomic policies to the absence of effective strategy. In this view, UNECF (2014) suggest that the right approach or strategy of the government to implementing efficient policy is not to independently enforce monetary and fiscal policies, but rather strategically collaborate with key stakeholders in the private sector with the aim of identifying obstacles to development and possible long-lasting solutions. The Sectoral Group Manager for SMEs' LCCI confirms that one of the major challenges faced by SMEs' is the issue of government monetary policy:

"SMEs' complained that most of these deposit money banks through which the CBN passes the money for disbursement to SMEs' come up with stringent requirements in order to hinder them from accessing these funds and they were also accused on the grounds of corruption".

Monetary policy has to do with the rules and the interest rates of the banks, which is being regulated by the CBN. Monetary policy has over the years through the central bank been an instrument used in achieving desired economic development and sustainable growth through price stability and the use of inflation rate and exchange rate policy in tracking the movement of domestic price (Sanusi, 2002; Usman and Adejare, 2014). A report by the World Bank shows that 37 to 39 percent of SMEs' are financially constrained in Nigeria as opposed to 25 percent of large firms (Gbandi and Amissah, 2014). This means that SMEs' in the textile industry are either discriminated against or are not allowed to access funds or loans at the credit market and banks. Ogujuiba et al (2004) outlines that there have been debates between the banks and SMEs' who complain that they are being subjected to stringent conditions and terms of approval by banks, while the banks argue that SMEs' operators do not present bankable project. The lack of collaboration between these key stakeholders is due to lack of consensus on what constitutes the Nigerian textile industry and as a result, there is an absence of shared values between these stakeholders. In light of the aforementioned, it is difficult to determine the nature and amount of financial resources to disburse to SMEs' in the industry and as well, as design related policies to support business development for relevant firms. The capital-intensive nature of the textile industry and high interest rates from the financial sector makes it even more difficult for SMEs' in the industry to compete favourably because they lack access to the capital required to enhance their business performance. Thus, the lack of collaboration means the absence of favourable policies to support SMEs' in the industry. Findings from this study also indicate that monetary policy has an effect on SMEs' trade in the Nigerian textile industry. For instance, the Managing Director Supreme Lace noted that:

"Monetary policy on the rate of exchange, Nigeria always tried to keep the Naira rate very high, in other words, it was cheaper to buy dollars, and it was always cheaper to import goods than to buy locally. Then suddenly the government was running out of dollars and they decided to introduce a licensing scheme to import products into Nigeria and companies who failed to take licences, were unable import raw materials so that was the period many of the companies' shutdown".

There have been debates on the influence of monetary policy on the financial and economic development of economies. For instance, using Nigeria as an example where the financial and capital market is underdeveloped, Ekpung et al (2015) note the government over the year has adopted different techniques of monetary policy in a bid to regulate cost, volume, availability of loans and especially the performance of commercial banks. Nnanna (2001) discusses that the effectiveness of monetary policy in Nigeria has been undermined by policy override in the form of fiscal policies implemented by the government and legal environment in which the CBN operates. This in turn has led to the economic challenges faced by SMEs' in the textile industry. Agu et al (2015) note that monetary policies are used alongside fiscal policies in order to achieve macroeconomic objectives in an economy by regulating spending through price stability, full employment, poverty reduction, sustainable economic growth, favourable balance of payment, and reduction in a nation's debt. Ogar et al (2014) argue that the conditions accompanying fiscal policy have an economic effect on businesses. Government influences both economic and business activities through societal decisions such as political and legal processes in the form of regulations and other policies in the nation for example import bans and multiple taxations.

The impact of multiple taxations on the Nigerian textile industry was a specific issue raised in this study. For instance, the Head Personnel/ Administration Officer of Wollen &Synthetic reported that:

“The industry is faced with multiple taxation from numerous tiers of government. For instance, we pay the Federal Government tax for the importation of raw materials. We pay State Government tax for VAT on every product sold, staff tax, company tax, land use tax, which is about 3.25 percent of the assessed value of your property so in some companies it runs up to ₦2million and countless others. We also pay Local Government tax such as radio license, car park and others. In addition, we pay taxes to the National Environmental Standards and Regulations Enforcement Agency (NESRA) who does the same job as Lagos State Environmental Protection Agency (LASEPA) who we already pay taxes and submit our Environmental Audit Report (EAR)”.

There are three levels of taxation in Nigeria; the Federal, State and Local levels. Given that Nigeria levies taxes from three tiers of government, businesses are therefore faced with the possibility of multiple taxations (Euba, 2016). Findings from this study and other empirical studies such as; Pitigala and Hoppe (2011) and Adebisi and Gbegi (2013) show that multiplicity of tax diminishes SMEs’ sustainability and competitiveness in Nigeria. For example, using the ceramic industry in Nigeria as a case study, Adebisi and Gbegi (2013) found out that multiple taxations have a negative impact on SMEs’ survival in Nigeria. According to SMEDAN, 80 percent of SMEs’ die before their fifth anniversary due to tax related issues such as multiple taxations. This is because most government policies treat SMEs’ and large enterprises as equals (Adebisi and Gbegi, 2013). It is estimated that on average taxes from all tiers of government cost firms 40 percent of their production cost. For instance, Pitigala and Hoppe (2011) confirm that on average, firms in Nigerian pay 33 percent of effective tax rate and approximately 40 percent marginal effective tax. This multiplicity of taxation has made Nigeria an unfavourable business climate for investments, especially in underdeveloped SME sectors like the textile industry. For instance, the World Bank places Nigeria 169 out of 189 economies as conducive for business globally (Euba, 2016). To address the issue of multiple taxations affecting SMEs’ operating in the Nigerian textile industry, it is essential to: (1) have a shared consensus on the constitution of SMEs’ in the country between the three tiers of government and collaboratively design and adequately implement uniform tax policies that will enhance the growth and development of SMEs'; and (2) take into account SMEs' size when formulating tax policies.

Trade-Related Infrastructure and Institutional Policies (Removal of Import Bans, Influx of Textiles and High Cost of Production)

Infrastructural and institutional policies play a vital role in facilitating trade, especially given the changes in international trading systems, resulting in the liberalisation of markets and elimination/reductions of barriers to trade in countries like Nigeria. Infrastructural and institutional policies refer to measures used by economies in regulating or organising their business environments. Thus, changes in infrastructural and institutional systems have the ability to affect socioeconomic sustainability (Ruth, 2003). World Economic Forum (2014) claims that a well-developed infrastructural and institutional environment enhances domestic competitiveness and reduces production cost. Wilson et al's (2005) study of 75 economies observed that countries with well-developed infrastructure and institutional environment increased their trade by 10 percent. However, findings from this study seem to indicate that issues of high production cost and the influx of textiles affecting SME fabric manufacturers in the country are due to government weak and inconsistent infrastructural and institutional policies and poor implementation of strategies. This again shows that there is a huge gap between stakeholders in the industry and the only way to bridge this gap, is through collaborative partnership through the creation of shared value. The impact of these policies on the competitiveness of the industry will be discussed under three themes: removal of import bans, the influx of textiles and high cost of production.

Removal of Import Bans

One of the conditions of being a signatory to the WTO is that countries like Nigeria had to eliminate or reduce their barriers to trade such as import bans on textile in order to enhance the free trade among member countries. Findings from this study show that inconsistent implementation of Import bans did more harm than good to the country's textile industry. The result of which led to lack of competitiveness of locally manufactured fabrics in the nation's markets. In view of the challenges facing the Nigerian textile industry, the Deputy General

Secretary Education and Research of NUTGTWN mentions that the initial ban was placed for three reasons:

"First, as part of the pressure on the Naira the government came up with some list of imported items that cannot source their dollar needs officially to be all sorts of petty items. Secondly, the pronouncement by the government that they are ready to join other West Africa States in the implementation of the Common External Tariff (CET), which puts tariffs on textiles at 35 percent. Third, which is the lifting of the ban in textile. This means subscribing to the CET allows that textile is at pocket at 35 percent, it then means that it is difficult to say no to the importation of textiles into the country while other countries are importing textiles".

Firstly, as part of the broad objective of the government to sustain stability and efficient utilisation of foreign exchange and importation of goods and services into the country, the government through the CBN in 2015 excluded some importers of goods and services such as; textiles and clothing from accessing Nigerian foreign exchange market in a bid to encourage domestic production (CBN, 2015). However, the ban on SME importers of textiles and clothing was relaxed due to increased pressures from domestic manufacturers. For instance, Wabara (2017) noted that many of the raw materials required for domestic production were accidentally included in the list of banned items and thus limited their ability to source foreign exchange to purchase raw materials.

Secondly, The ECOWAS Trade Liberalisation Scheme (ETLS) is aimed at promoting cooperation and integration among member countries through trade liberalisation and the creation of a common market (Kareem, 2014). That is, member countries will have to reduce or eliminate all forms of barriers to trade like importation ban and other tariffs. In a bid to liberalise trade, Nigeria accepted the ECOWAS Common External Tariff, which meant that the country had to liberalise trade by 50 percent under the ECOWAS Common External Tariff. Furthermore, European Union (2014) notes that after ten years of talks between West Africa and the European Union, a partnership was signed in 2014 for an Economic Partnership Agreement (EPA) between both regions under the ECOWAS Common External Tariff (CET). According to Kareem (2014: 274/5) "ECOWAS CET has four tariff bands: 0 percent for social needs and basic necessities, 5 percent for raw materials, 10 percent for intermediate goods, and 20 percent for finished goods that are not produced locally. However, cross-country studies on the impact of CET on domestic manufacturers in Nigeria show a negative correlation. For example, a study conducted by the Federal Ministry of Finance (FMF) noted a decline in the level of domestic protection from 82 percent to 34 percent. Similarly, MAN's study showed CET adoption is detrimental to domestic manufacturers in terms of competition. This is also supported by a study conducted by the NLC who stressed that CET adoption is mainly detrimental to the textile industry as it leads to the closure of firms' and job losses (Ajayi and Osafo-Kwaako, 2006). Furthermore, Uexkull and Shui (2014) study on the implementation of CET in Nigeria found a decrease in employment, wages, and profitability, especially in the textile industry.

Thirdly, the adoption of CET led to the unbanning of some textile fabric such as print materials. It also led to the reduction of trade barriers/restrictions as mentioned above, resulting in massive smuggling and loss of competitive advantage of domestic firms. Also speaking on the issue of banning in the Nigerian textile industry, stakeholders noted that in January 1997, the government announced that they were unbanning the importation of textiles because they had signed the WTO agreement that liberalise trade. This act led to the closure of numerous firms and loss of about 50,000 workers, as a result, members of various textile unions were in talks with the government to reconsider their decision on banning but all efforts yielded little result. For example, the Director General NTMA and NTGTEA account that:

"On 31st August 2002, another attempt was made by representatives of the same textile unions to discuss the ban on textiles with the government, which yielded a positive result and the ban was placed back on printed fabrics only, on 1st September 2002 because that was the area of production Nigeria had a more competitive advantage in the textile industry".

Import ban is a form of quantitative restriction used in partial or total prohibition of imports from a given country. It is aimed at lowering the demand for particular products such as textiles in order to encourage the utilisation of local resources, patronage of locally manufactured products and thereby boosting productivity and competitiveness of domestic firms and generate revenue to the government. Import bans in the Nigerian textile industry have been inconsistent. Langevin (2012) discusses that import bans has been a failed aspects of the Nigerian trade policy, which is only beneficial to a few businesses that choose to manipulate the policy for their own profits. On the other hand, the negative impact of inconsistent import ban is evident in the loss of textile manufacturing firms and massive drop in employment. The impact of which is also felt by textile buyers who are subjected to endure the lack of variety and value in domestic production

(Nwabueze, 2009; Langevin, 2012). Furthermore, the Deputy Director General NTMA and NTGTEA added that:

"However, in January 2004, a general ban was placed back on the importation of textiles but it was too late as volumes of textiles flooded the Nigerian market and the customs were unable to control the smuggling situation. This continued until 2010 when the government decided to lift the ban on the importation of textiles into the country with an exception to printed textiles. The ban on printed textiles continued until April 2015 when it was lifted by the government on the grounds that despite the ban, smuggled fabrics were still coming in and there was no need continuing the ban as the government was losing revenue".

The inconsistent implementation of import ban in Nigeria has been an issue of concern among stakeholders in the country, most especially those operating in the manufacturing sector. Though, Oyejide et al (2012) discuss that import restriction boosted domestic production of cotton fabrics in Nigeria, accounting for over 90 percent of total supply of fabrics between 1981 and 2011. However, some stakeholders complained that inconsistent banning and removal of some textile fabrics from the import prohibition list has a negative effect on their business performance. They noted that these inconsistencies have encouraged massive influx of textiles into the country's market, thereby leading to the final collapse of the industry (Oyejide et al., 2012). For instance, Langevin (2012) accounts that due to the policy on import ban, neighbouring countries to Nigeria like; Republic of Benin established illegal import system through which restricted textile fabrics are smuggled into the Nigerian market. Raballand and Mjekiqi (2010) estimates the unofficial number of containers heading to Nigeria at 75 percent, this equates to $5,000,000,000 annually and represents one-sixth of Nigeria's total global imports. As a result, domestic firms are faced with unfair competition because smuggled fabrics are less expensive than locally made fabrics due to multiplicity of taxes and customs duties paid by domestic firms (Diogu et al., 2014).

Influx of Textiles

The influx of textiles in Africa dates back to the ISI Era. According to Golub (2008), countries that pursued ISI strategies operated under very high trade barriers such as tariffs and import prohibitions. The high level of protection had a huge impact on legal trade within Africa and thereby leading to massive smuggling. In the case of Nigeria, smuggling during the ISI had little impact on the textile industry. However, the issue of smuggling was more pronounced in the textile industry with the introduction of international and regional liberal policies under the SAP, WTO and ECOWAS (Golub, 2008; Nwabueze, 2009; Makinde et al., 2015). In this study, all participants noted that the next big issue on government policy is smuggling. They attributed the downfall of the Nigerian textile industry to the issue of smuggling. However, they had different perceptions of how smuggling came about in Nigeria and how it affected the textile industry. Some argued that the issue of smuggling had long been in existence since the protectionist era, but the effect was never felt because the industry had more competitive advantage and the right infrastructures in place at low costs. Others attributed it to the factor of "cabal" and trade liberalisation under the WTO. For example, the Assistant Personnel Manager, ITI blames the issue of smuggling in the industry on liberal policy:

"The WTO agreement is the major killer of textile industry in Nigeria. That singular agreement is the cause of all the challenges facing the industry today because there was a time when our company had the opportunity of exporting fabrics to many European countries and we barely had time to manufacture for the local market but today, we are unable sell what we produce due to activities of pirates (smugglers). There are two categories of smugglers; those that smuggle textiles directly and those that pirate and after pirating they smuggle".

Smuggling poses a huge threat to the survival of domestic firms. The influx of textiles in developing countries has been linked to trade and related policies on banning. Bruce-Amartey et al's (2014) study found that importation ban on some textile fabrics in Nigeria led to smuggling of textile fabrics through unofficial channels into the country's market. The World Bank estimates that textiles smuggled through unofficial channels through countries such as the Republic of Benin are worth $2.2billion a year, concluding that the Nigerian textile industry is on the verge of collapse due to enormous smuggling (Anaro, 2016). Diogu et al (2014) are of the opinion that the competitive advantage these smugglers have over domestic manufacturers further enhances their business. Hence, domestic firms have to compete with foreign imported fabrics because they offer more value for money and are very affordable. Further findings confirm that the signing of WTO policy did more harm than good. That is, liberal policy turned Nigeria's market into a dumping ground for all sorts of fabrics from different countries. This led to the closure of numerous textile firms across the country. For example, Lagos State had the highest amount of SMEs' in the textile industry but currently, they are not up to four. According to the Personnel Manager of ITI:

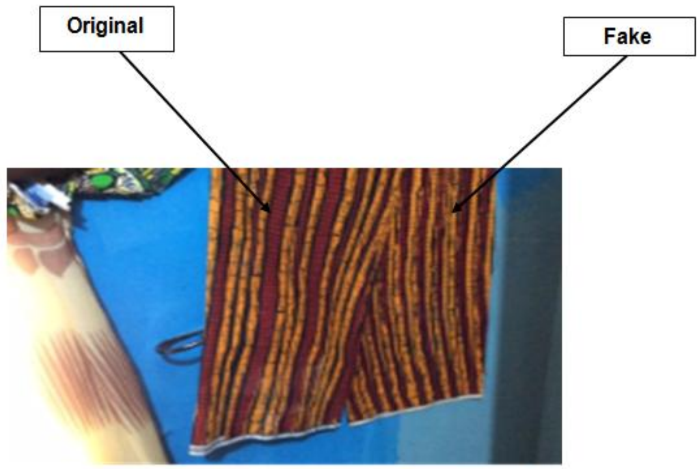
"Most owners of closed textile firms that are of Asian origin relocated back to their countries and based on their knowledge of the Nigerian market, they started counterfeiting made in Nigeria fabric in their country for mass production to be smuggled back into Nigeria for sales at cheaper rates. Hence, 85 to 90 percent of the fabrics in the Nigerian market are smuggled into the country from the borders. These smugglers not only counterfeits like our company's product but also our logo and this has made it impossible for customers to differentiate between original and the counterfeited smuggled fabrics".

Aregbeyen (2012) mentions that counterfeiting and smuggling are intertwined because counterfeited products are often smuggled and aimed at evading import taxes. OECD (1998) classifies counterfeiting into two categories; deceptive (when both the counterfeit and the original product appear very similar to deliberately mislead customers), and non-deceptive (a situation whereby customers' recognises that the product is not authentic and offers to pay an adjusted price for it). Industries globally suffer from massive losses due to counterfeiting. These losses not only affect the competitiveness of domestic manufactured goods, but also involve social cost such as; loss of market share, tax invasion and time and resource spent in fighting counterfeiting (Meraviglia, 2016). It also subjects customers to purchase sub-standard goods (OECD, 1998). The Assistant Personnel Manager ITI declared that:

"If duties are paid on textiles coming through the ports, the price difference will be very close, but since they are smuggled and duties are not paid, there is a huge gap between domestic fabrics and pirated/counterfeited imports. All efforts to draw the attention of the EFCC, SON, customs, MAN and other enforcement stakeholders in the industry have yielded no positive result".

It is estimated that counterfeited products account for more than 5 percent of the world's trade and the most counterfeited product globally is textiles (OECD, 1998; Meraviglia, 2016). For example, Meraviglia (2016) accounts that in 2015, counterfeited textiles and accessories in Italy accounted for about 100,515 job losses. In Nigeria, Aregbeyen (2012) holds that counterfeiting is one of the biggest issues facing the manufacturing sector, with a negative effect on the economy. Figure 10 shows a picture of a counterfeited Nigerian print next to a locally manufactured Nigerian print. It illustrates the difficulty in differentiating between the original and fake fabric, which makes it more difficult for SMEs' to compete favourably.

Figure 10 Picture of a Counterfeited Nigerian Print and Locally Manufactured Nigerian Print



Picture taken during an interview with the General Secretary TGTSSAN Lagos Office.

The absence of collaborative-shared value among key stakeholders has made the implementation of adequate policies in tackling the issue of smuggling and counterfeiting in Nigeria impossible. There are numerous factors responsible for counterfeiting, some of which includes: legal reason (the absences of a well-established Rule of Law on counterfeiting); government regulation (lack of dedication and enforcement of rules in checking or controlling the flow of counterfeited products over national borders); and business-related reasons (profit motives and the opportunity to make quick money has encouraged criminal activities). The availability of inexpensive counterfeiting technologies facilitates the replication of any product on the market for mass production in factories by counterfeiters. Therefore, in order to fight or reduce counterfeiting to the barest minimum: (1) there must be a shared consensus among stakeholders in the Nigerian textile industry and make fighting counterfeiting and smuggling a priority; (2) ensure improved levels of communication, cooperation among key stakeholders in the industry; (3) collaboratively enforce a clear and precise anti-smuggling and counterfeiting policy; (4) ensure effective enforcement of legal and regulatory framework and monitor the progress through programmes evaluation and measurement (Aregbeyen, 2012). While most stakeholders in the Nigerian textile industry blame the WTO agreement for the issue of smuggling, others argue that the policy is not to blame; rather the lack of supportive policy framework by the government is to blame. For instance, the General Secretary of the TGTSSAN argues that:

"WTO is not really to blame for the smuggling because it is a beautiful policy, but Nigerian on their part was meant to put their house in order first by addressing the issue of infrastructure, other policy issues and the porous border before signing the agreement. Member countries have the right to review the agreement every 10 years, but Nigeria is yet to do so since their accession into the WTO. Rather Nigeria hurriedly signed the agreement without going through the implications and conditions because as at the time of signing the agreement, the Nigerian textile industry needed protection, but rather it was made vulnerable to member countries with good infrastructure, skilled human resources, technological knowhow and favourable government policies".

It is believed that trade openness created an open market for international trade and challenges for businesses, especially SMEs' operating in transition and developing countries in the global market due to foreign competition and in some case smuggling. Empirical studies such as Nnabuihe et al (2014) and Odejimi and Odejimi (2015) indicate that the issue of smuggling became rampant because the liberalisation process in many developing countries occurred without prior preparation in ensuring that domestic industries were ready to face international competition. SMEs' in developing countries, especially those operating in Africa require favourable business environment to adequately function. SMEs' in Africa are weak due to undeveloped regional integration and very difficult business conditions, which include complex official procedures, poor infrastructure, ineffective legal systems, inadequate financial systems and unattractive tax regimes (Kauffmann, 2005). The failure of these liberalised policies in most developing countries has been linked to lack of accompanying policies to support the implementation process (Ijeoma, 2013; Nnabuihe et al., 2014). Though some participants admitted that the WTO agreement is a good policy, however, they opined that it encouraged smuggling, which is no longer done in secrecy through the borders, but directly from the ports and the policies put in place to check this, is not effective due to corruption. For instance, the Managing Director Supreme Lace blames the factor of "cabal" as the reason behind the closure of 24 lace-manufacturing firms in Nigeria out of the 25 the country originally had. The Managing Director explains that:

"The factor of cabal are those at the helms of affairs, who are perfecting the act of smuggling as a result, many companies had to close down because they were unable to market their products, they were also unable to import raw material as expected".

The issue of corruption is another factor affecting SMEs' competitiveness not only in Nigeria but also in Africa generally. Corruption is a social issue that eats deep into the cultural, political and economic growth of a country (Nwankwo, 2014). Mo (2001) explains that political instability is intertwined with corruption as it accounts for 53 percent of the total impact on socioeconomic growth and development. In Nigeria, corruption is blamed for the stunted economic growth and development, which has a negative impact on the Nigerian textile industry (Ayobolu, 2006; Chukwu et al., 2015). However, Mo (2001) argues that some elements of corruption can be profitable. It can act as a lubricant that smoothes business operations and hence raises the efficiency of the economy. Lee and Hong (2011) study found out that high level of corruption restricts firms' profitability and raises the cost of doing business, whereas a lower level of corruption creates an enabling and conducive environment for firms to flourish and attract foreign direct investment (FDI). However, in the case of Nigeria, high level of corruption is viewed as a reason that undermines good governance, poor implementation of policies, impact on innovation, and misallocation of resources, which has a negative impact on the development of domestic industries.

High Cost of Production

The textile industry is very labour intensive and thus requires efficient infrastructural support to enhance productivity and reduce production cost. Findings from this study show that government inconsistent policies contributed immensely to high production cost in the industry through poor infrastructural framework. Stakeholders in the Nigerian textile industry also accused the government of double standard. For instance, Ogah (2015) noted that local manufacturers are at a huge disadvantage in terms of cost of production because:

"Foreign manufacturers don't pay levies, taxes and other tariff to government to bring these items into the country. They only bribe their way. This is despite the fact that the cost of production is low in their originating country. All these are making imported textile to be cheaper in the market, and our products cannot compete with the cheap and low quality foreign products".

Economic regulatory policies play important roles in the growth and development of textile industries worldwide. It is evident that the lack of efficient infrastructural framework has a negative impact on Nigeria's textile industry, as productivity tends to fall due to high production cost, thereby making locally manufactured products uncompetitive (Chukwu et al., 2015). Tax and other tariff evasion by smugglers have contributed immensely to this phenomenon in the industry. However, to enhance the competitiveness of domestic manufacturers, regulatory frameworks are meant to be collaboratively enforced and monitored to the latter by stakeholders, because when an industry lacks collaboration amongst its stakeholders, it is difficult to adequately monitor the activities of smugglers or importers who break the law. In Africa, firms incur more than 19 percent cost to produce a single sales unit compared to those in other parts of the world as a result, Africa is not a cost-effective location for businesses such as SMEs' to thrive due to high production cost (Iarossi, 2009). For instance, in Nigeria, it is twice as expensive to manufacture products (Iarossi, 2009; World Bank, 2011). Firms' competitiveness is partly determined by factors or the cost of production. These factors or costs of production are grouped into three categories; direct costs, indirect costs and invisible costs (Iarossi, 2009). Direct costs are those associated with the production process such as labour, capital and land (such as infrastructural amenities like transportation cost, electricity amongst others) (Anyanwu, 2001; Iarossi, 2009; Ogoegbunam et al., 2012). Indirect costs are those associated with the production outputs that are incurred in the business environment. While invisible costs are those losses incurred by firms due to unfavourable business environment.

Findings from this study indicate that the cost of production adversely affected textile production. This made the price of locally manufactured textiles less competitive in terms of price as against the price of imported smuggled goods due to factors such as; high electricity rates, high cost of transportation of raw materials due to bad roads, the short tenure of loans, levies and duties in the country. The Acting General Secretary of the NUTGWN narrates that:

"Smuggling is the major one and then we have the power problem, electricity you know in Nigeria we have this problem of power generation transmission so that has really affected the industry. Most of these machineries are powered by a diesel engine and so because of the cost of running these diesel engines, some of the manufacturers were unable to break-even and that actually affected the industry so much".

The poor state of infrastructure in many African countries, especially in attracting foreign investment and industrial development has attracted the attention of stakeholders in these regions (Olufemi et al., 2013; Obokoh and Goldman, 2016). For example, a study conducted by Global Entrepreneurship Monitor (2012) shows that poor infrastructure is a major hindrance to

SMEs' development in Nigeria. Obokoh and Goldman (2016) observed that most of the current infrastructural amenities in Nigeria were established between 1970 and 1974. Further attempts by successive governments to improve the state of infrastructure in the country failed due to the implementation of unfavourable policies and mismanagement of funds because of the oil boom in the 1970's. This led the government to embark on a series of economic reforms such as the adoption of liberal policy under SAP. Olufemi et al (2013) noted that the after effect of these reforms led to the neglect of infrastructure and underinvestment in the country. This is because the government misinterpreted the objectives of liberal policies under SAP in view of the budgetary allocation for investment and rehabilitation of infrastructure (Obokoh and Goldman, 2016). The neglect and underinvestment in infrastructural amenities have a huge impact on the Nigerian economy. Firstly, the lack of adequate infrastructures like electricity, ports, and roads increases the cost of most raw materials, thereby reducing productivity and competitiveness of SMEs' operating in the Nigerian textile industry (Olufemi et al., 2013).

In Nigeria, firms experience power failure more than seven times in a week (Adenikinju, 2005; Obokoh and Goldman, 2016). The impact of this for SMEs' is the loss of production output time due to idleness of workers, damaged equipment and materials because of interrupted power supply during the course of production. SMEs' also incurs additional cost of providing self-generated electricity (Adenikinju, 2005). Secondly, it reduces the inflow of foreign direct investment into the country. Investors are attracted to countries with well-developed infrastructural amenities, but due to the lack of efficient infrastructure in Nigeria, many firms of foreign origin in the textile industry have moved their investment to other countries. In addition, the Assistant Personnel Manager, ITI also confirms that:

"Cost of production is very high to the extent that after production, we might not break-even due to the high cost of gas, salary, overhead, power, we have to pay Industrial Training Fund (ITF), standard organisation, local government, employment bureau and other statutory payment and at the end of the day, the margin, is very low".

The competitiveness of firms operating in Nigerian manufacturing sector such as the textile industry has been stalled due to the impact of economic liberalisation and poor implementation of supporting measures. High cost of production has reduced the quality of output from the country's textile industry; this has led to changes in production processes. Manufacturers who are unable to cope with high production cost in the country opt to produce their fabrics in other countries, which are later imported into the Nigerian market in a bid to avoid production cost (Ogoegbunam et al., 2012). Equally, high cost of production in the Nigerian manufacturing sector has been attributed to social issues such as poor implementation of fiscal policies by the government on lending and higher interest rates in the country (Adebiyi and Babtope, 2004; Rasheed, 2010). Omitogun and Ayinla's (2007) study on the link between fiscal policy and economic growth in Nigeria, suggests that fiscal policy in the areas of lending and interest rates has not been effective in promoting the manufacturing sector for sustainable economic growth in the country. Infrastructure is one of the basic necessities for socioeconomic development. Nations cannot survive without appropriate infrastructural amenities as they determine the economy's production and consumption prospects (Fay and Toman, 2010). If infrastructure is to be beneficial to the Nigerian textile industry and enhance economic development, it must be based on long-term sustainability through shared understanding and collaborative partnership between the government and key stakeholders in the industry on how a standard infrastructural framework can be effectively implemented and followed to the end.

4.4 Summary of the Chapter

This chapter has discussed the complexity surrounding the constitution of SMEs' in Nigeria and the textile industry in particular; it also examined issues of trade policies faced by SMEs' in the country's textile industry. Firstly, attention was paid to how different stakeholders define SMEs' and the study found out that they have the same criteria, but different basis of these criteria and how they are applied in practice. Secondly, the discussion also looked at what constitutes the Nigerian textile industry and established that there are two components of the industry: manual (which consist of traditional system of textile production using handlooms) and industrial (which uses industrial techniques for modern textile production). It also found out that the industry currently consists of manufacturers from other industries brought together to share similar sources of competitive advantage. Thirdly, the constitution of SMEs' in the Nigerian textile industry was also examined. It is evident from the findings that the government does not have a textile specific definition for SMEs'. Also, there is a contradiction among other key stakeholders in the industry on what constitutes SMEs' in textiles, some argue that SMEs' do not have the financial capacity to operate in this highly capital intensive industry, while others stress that there are no SMEs' in the textile industry. Fourthly, issues of trade-related policies facing SMEs' in the industry were also analysed. The study identified a number of trade policies that have impacted on the industry such as; ISI, SAP and WTO. However, more emphasis was placed on the negative impact of WTO on the competitiveness of the industry. Furthermore, the study identified that the WTO policy on liberalised markets is not to blame rather the absence or lack of supportive policy framework to accompany the implementation of the WTO policy is to blame. The absence of efficient related policies such as; macroeconomic policies, trade-related infrastructure and institutional policies led to an influx of textiles and high production cost, thereby leading to the actual downfall of the Nigerian textile industry.

CHAPTER FIVE: RESEARCH QUESTION TWO

Impact of Trade Related Policies on SMEs' Productivity and Competitiveness in the Nigerian Textile Industry

5.1 Chapter Overview

The preceding chapter examined the constituent of SMEs' and issues of trade policies in the Nigerian textile industry. It identified that the lack of a shared understanding among key stakeholders on what constitutes an SME in the Nigerian textile industry contributed immensely to the challenges of the industry. In part, this was linked to the lack of shared values amongst key stakeholders, which led to the implementation of unfavourable supportive (trade-related) policies amidst the struggles facing the industry. The purpose of this chapter is to critically analyse the impact of trade-related infrastructural and institutional policy issues on SMEs' productivity and competitiveness in the country's textile industry. Analysis of this chapter is divided into 2 sections. Section 5.2 examines how these trade-related policy issues identified in chapter four impacts on SMEs' productivity and competitiveness. Section 5.3 discusses how issues identified in section 5.2 led to low patronage of locally manufactured fabrics and changes in buyer behaviour in the Nigerian textile industry.

5.2 Impact of Trade-Related Policy Issues on SMEs' Productivity and Competitiveness

The growth and development of Nigerian SMEs' have been seriously impaired by the lack of a functional macroeconomic and infrastructural policy environment. For instance, a survey conducted by Soderbom and Teal (2002) on the performance of the Nigerian manufacturing sector identified the poor state of infrastructure and macroeconomic policy as major killers of SMEs' productivity and competitiveness in the textile industry. It is evident that the poor policy environment in Nigeria has significantly affected SMEs' productivity, profitability, and competitive abilities. In addition, it has led to the loss of market shares and numerous manufacturing firms and has reduced their capacity to create employment across the country (Obokoh and Goldman, 2016). This is consistent with the findings from this study where participants attributed the impact of weak trade-related policy environment in the country to the loss of market share and textile manufacturing firms, and loss of jobs across the country.

5.2.1 Loss of Market Share and Textile Manufacturing Firms

It is believed that the implementation of WTO brought a change in international trade, which has been beneficial to developed countries and a few developing countries that were adequately prepared for these changes. According to Kayani and Shah (2014) most developing countries were not fully prepared for the changes accompanied by liberal rules under the WTO, as a result, they were subjected to huge competition from countries such as China as they exported products ranging from low quality to high quality products to countries such as Nigeria, leading to the deindustrialisation of many industries. The deindustrialisation of the Nigeria's manufacturing sector can be seen in the falling market shares in the Nigerian textile industry in terms of employment and capacity utilisation. According to the Director General NTMA and NTGTEA:

"The market share is relatively low, considered to be less than 10 percent, with imported fabrics having a market share of about 90 percent. This is in stark contrast to the past when the Nigerian textile industry was the largest employer of labour with a large market share and immense contribution to the GDP, but presently due to the challenges facing the industry, most factories are producing less than 45 percent capacity utilisation and their contribution to the GDP is extremely low".

Makinde et al (2015) holds that domestic manufacturers lost their market share due to poor government policies. For instance, Faleye (2013) claims that poor government policy on importation exposed domestic manufacturing firms to unhealthy competition. This of course led to low capacity utilisation, loss of competitive advantage and market share in the Nigerian textile industry. Similarly, the Deputy General Secretary Education and Research NUTGTWN declares that:

"The market share, which was about 100 percent in the 70s and 80s is currently about 50 percent in terms of remaining local manufacturers and they control less than 20 percent of the market. With the current situation of the industry, there will probably be no factories left".

Findings from this study indicate that an increase in import penetration, especially from labour intensive countries like China combined with the low competitiveness of domestic firms led to loss of market share. It is no news that lack of competitive advantage leads to loss of market share. Buzzell et al (2017) mention that one key to business success and profitability is market share. Therefore, in order to create economic value, sustain long-term competitive advantage, and achieve superior profitability, firms require a wide range of capabilities (Amos et al., 2014). Thus, there is the need to design the right policies that will effectively stimulate SMEs' competitive position in the market; and this requires the creation of shared value among stakeholders in order to understand the present competitive position of the Nigerian textile industry and determine or predict the future of the industry. However, these policies cannot be efficiently implemented without knowledge of SMEs' future directions or strategies (Bellak, 2003). Furthermore, findings from this study suggest that loss of market share led to the closure of numerous textile manufacturing firms across the country. The loss of textile manufacturing firms in the country has had a huge impact on the Nigerian economy in terms of contribution to GDP and revenue to the government as a result of increased crimes of smuggling. For instance, the quest for quick wealth among youths in Lagos state and other parts of Nigeria (which had lots of textile manufacturing firms in the past that provided jobs for the youths after their secondary education) lured most of them into crimes of smuggling and related fraudulent activities. The closure of textile companies has been linked to the trade agreement between Nigeria and China, which led to importation and smuggling of fabrics into the country. This is due to China's competitive advantage over Nigeria, which makes their fabrics cheaper and very accessible all over the nation's market.

Some managers of these textile firms attribute the economic and social impact of the challenges faced by the industry on government unfavourable policies which is responsible for the closure of firms and massive smuggling in the country. The claim is that the closure of firms led to the loss of many jobs in the industry and it all started in 1994 because between the late 80s and early 90s, the situation of the industry was still okay. However, from 1994 to 1997, some of the major textile firms in the country started closing down like Speco Mill, UNTL Kaduna, Arewa, NITEL, ENPEE, and Five Star. For instance, the Deputy General Secretary NUTGWN cited that in the past:

“There were 250 textile firms in Nigeria and the number of SMEs’ was given to have between 70 and 80 in the country before the crisis in the industry. Currently there are about 25 large textile factories and about 27 to 28 SMEs’ around the country”.

SMEs’ have been recognised as a major source of employment and income generation in many countries such as Nigeria. Ghose (2000); and Odejimi and Odejimi (2015) believe that the loss of textile firms is as a result of liberalisation policies which are intertwined with lack of infrastructural amenities in the country. Loss of textile manufacturing firms in a country like Nigeria has been linked to internal and external issues. Internally, trade liberalisation has been unsuccessful due to the absence of shared values and cooperation among key stakeholders in the Nigerian textile industry and the implementation of supportive and consistent policies. The absence of this, made it impossible to shield against external pressures such as foreign competition. Externally, increased competitive pressures reduced the marketing power of domestic firms who were unable to compete favourably due to the absence of internal supportive policies (Mengistae and Teal, 1998; Bigsten et al., 2009). The outcome of which led to the closure of countless numbers of SME textile manufacturing firms and massive job loss across the country.

Mrs Ukata who has been trading on textile fabrics for the past 40 years at Aswani Market Lagos established that:

“In the past traders of Aswani market only patronised domestic textile firms and they were more than a hundred textile mills in Nigeria located in places like Asaba, Kano, Kaduna, Ekiti, Ijebu-Ode and all over Lagos but due to the competitive price of China, many textile firms had to fold up because domestic manufacturers could not compete”.

Firms today have to deal with uncertainties accompanied by liberal policies in their domestic business environments because of trade openness. In order to adapt to these changes and sustain their competitiveness, firms must find ways to create long-term added value that is beneficial to both the firm and society (Papulova and Papulova, 2006; and Porter and Kramer, 2011). However, in the case of the Nigerian textile industry, firms could not compete favourably with imported fabrics in terms of price and value because they lacked the right supportive policies and resources to meet domestic demands. Further findings from the study combined with the author’s compilation from internet search conducted during the study suggest that there are about 67 firms currently registered under the Lagos State textile industry and of these, 5 are fabric-textile manufacturers, 2 of which are large firms (Sunflag and Nichemtex) and have been merged with other sister firms over the years and have retrenched a huge number of staffs. The remaining three are SMEs' (International Textile Industries (ITI), Wollen & Synthetic and Supreme Lace) all of which used to be large firms in the past, but later downsized by retrenching a number of staffs and either merged with sister firms or changed the ownership structure of the firm due to the impact of trade-related policies in the industry.

The Managing Director Supreme Lace submits that:

"Foreign competition led to massive job loss and the closure of a large percentage of textile companies in the country. We also had to shut down operations in 1995. *The latest stage was in the year 2000 till date when others joined in the closure. Currently as we speak today, the only lace manufacturing company in Nigeria today is this place. It used to be 25 lace manufacturing firms in Nigeria and majority of them were located here in Lagos which is the South-West Zone but our company is the last and only one remaining in the whole of Nigeria and we are struggling too. The government policies are to blame for all these".*

It is evident based that the Nigerian economy became highly dependent on imports since the adoption of liberal policies under SAP and WTO (Eneji et al., 2012; Makinde et al., 2015). This had a huge impact on the productivity and competitiveness of domestic firms due to the absence of supportive and efficient macroeconomic and infrastructural policies to accompany the implementation of liberal policies. As a result, this led to massive loss of textile manufacturing firms due to foreign competition from countries with efficient macroeconomic and infrastructural support. Furthermore, the Managers of ITI discuss that when the market became unbearable for textile fabrics manufacturing firms, they started closing down and most of the pioneer companies in the textile industry had to diversify into other areas such as plastic production, smuggling amongst numerous others. The Personnel Manager, ITI noted that:

"Although the government promised to set favourable policies in place for the textile industry, none of these policies to date has yielded any positive result. In the past, there were about 25 textile firms around the Oshodi Five Star area up to Mile 12 but presently they either shut down or diversified into other areas, while others saw it as an opportunity to join the smugglers".

Aluko et al (2004) submit that it is difficult for developing countries to survive or compete favourably in their domestic market and global market with the developed world that are more advanced in trade and related capabilities such as technology, financial capabilities, and advanced managerial skills amongst others. Hence, most firms had to either shut down business operations or downsize. Firms operating in developing countries require a conducive business environment with appropriate supportive policies in order to survive. Hence, the evaluation of government policies to improve the performance of SMEs' has been an issue of debate in recent years among stakeholders in Nigeria's manufacturing sector. Hadjimanolis (1999) asserts that SMEs' in developing countries like Nigeria are faced with more challenges due to their size and poor macroeconomic variables and other related policies. In most developing countries, poor economic growth and firm performance have been ascribed to unfavourable policies (Yildirim and Gokalp, 2016). Thus, the absence of consistent, supportive policies has increased the cost of doing business and reduced value in production output in the Nigerian textile industry. Therefore, to regain stable socioeconomic performance and competitiveness in the Nigerian textile industry, the implementation of adequate macroeconomic policies aimed at encouraging and enhancing SMEs' productivity and performance is required. This can only be achieved through shared understanding and collaborative value co-creation between key stakeholders in the industry.

5.2.2 Job Loss

Unemployment is an economic issue with social implications to any given economy (Adesina, 2013). It has been identified as one of the socioeconomic issues facing Nigeria for years. According to Sanni (2012), high unemployment rate in the country's textile industry can be linked to low productivity, poor infrastructural amenities and poor government policies, which forces firms to shut down and render employees redundant and jobless. The Managing Director Supreme Lace noted that:

"Nigerian textile industry was so vibrant in the past that it employed 100,000 to 200,000 workers, but due to government bad policies, most firms that sold their machineries started producing textiles and shipping it down to Nigeria through smuggled routes from Indian and Pakistan".

Makinde et al (2015) observe that a country that is unable to create long-term sustainability for its citizens in terms of employment generation stands the risk of continual economic instability.

In this view, Nigerian textile industries have been identified as the second largest employer of labour (employing about 60 percent of the labour force) after the government (Nwabueze, 2009; Eneji et al., 2012; Diogu et al., 2014; Makinde et al., 2015). However, loss of competitive advantage in the textile industry has led to increased unemployment rate across the country, especially in the Northern and South-Western regions of the country. The Assistant Personnel Manager ITI report:

"Most companies that had about 500 workers had to lay them off, which contributed to increased unemployment in the country. Some managers of these firms, then go into importation with the little money they have left after laying off their staffs, they retain their property and start importing fabrics to sell in the country and they also employ the services of at least five marketers".

Trade plays a vital role in economic development and employment generation. However, Olayiwola and Rutaihwa's (2010) study suggest that Trade openness increases unemployment and poses a threat to job security in many countries. Using the textile industry in Tanzania as a case study, they found out that import competition leads to a decline in labour demand. The findings suggest that trade openness drastically declines employment. In addition, Morawezynski and Wach (2004) found that import growth had a negative impact on job security in 28 sectors of Poland between 1993 and 1999. However, in countries like India and China, trade openness has a positive impact on employment generation and job security in the manufacturing sector (Tang and Harrison, 2005; Olayiwola and Rutaihwa, 2010). Import penetration is only detrimental to job security as is the case of Nigeria, where there are inefficient policies in place to support trade openness and enhance firm's competitiveness in the value chain; and to generate employment or to replace imports. Ojetunde (2009) agrees that internally, the policy and regulatory environment of Nigeria is weak and needs to be strengthened in order for firms to thrive and generate employment. The Deputy General Secretary Education and Research NUTGTWN added that the government also feels the impact of this loss because textiles provide jobs for the teeming population in the country but presently:

"Unemployment rate is so high, people are talking about 25 percent, but from our records, it is actually more than 50 percent in the country. In the past, about 250,000 people had direct jobs and millions of indirect jobs, presently the total workforce is less than 30,000 and the direct and indirect jobs are less than a million and that is to show how bad the situation is in the industry".

Unemployment is one of the biggest threats to social stability in many countries. According to Kayode et al (2014), when compared with her counterparts in the continent, Nigeria's unemployment crisis is more serious. For instance, South Africa's unemployment rate is currently standing at 25 percent, and in Ghana, it was about 14 percent in 2010, while Nigeria is around 37 percent. The severity of unemployment in the Nigerian textile industry has been alarming and of great concern to stakeholders. The task of creating job security whilst enhancing productivity in the once booming industry has been a subject of debate in recent years. High unemployment rates in Nigeria have been attributed to inconsistent policies and institutional weakness in the country. Furthermore, Stakeholders from NUTGWN explained that if flourishing, the industry is capable of providing more jobs for the teeming unemployed Nigerians and drastically reduce the high unemployment rate in the country because unskilled workers can easily fit into the industry. According to the Deputy General Secretary Education and Research NUTGTWN:

"1997 to early year 2000, the Nigerian textile industry witnessed a different turn on the negative line. The textile industry witnessed the closure of factories, redundancy on a massive scale, which led to massive unemployment in the country. The employment level in the textile industry is currently below 30,000. Hence every government stresses the fact that textile is key to job creation, and employment generation because at its peak the industry employed over 500,000 workers".

Empirical study conducted by Dutt et al (2009) show that trade openness and unemployment is interrelated. That is, reduction in industrial trade cost significantly reduces employment generation and drastically increased unemployment (Groizard et al., 2011), as in the case of the Nigerian textile industry. Muhammad (2011) explained that job losses in the country were due to the closure of firms, redundancies, dismissals, termination and resignation. In 2004, about 2,644 jobs were lost; in 2005, 4,990 workers lost their jobs. In 2006 about 3,496 jobs with over 30,000 indirect jobs were lost which includes traders, suppliers, cotton growers and other casual workers. In 2007, 5,515 jobs were lost following the closure of two major textile firms in the country. Furthermore, 2,500 textile jobs were lost in early 2010, which brought the total number of closed textile firms to 38. Due to unfavourable policies, most manufacturers saw it as an opportunity to join other smugglers since nothing was being done about the issue of smuggling in the country.

Mrs Ukata a textile fabric trader at Aswani market emphasises that in the past, products made by the local manufacturers were of good quality and the industry employed a lot of Nigerians. In her opinion:

"Textile industries in Nigeria were doing more than the government because they created huge employment for people and there were no crimes (like armed robbery) but now they are all shutting down. As a result, there are no jobs for the youths and they have to go back to the world and start their life of crime and in unemployment market, some of them are turning into bike riders also known as "Okada riders". While those that have been skilfully trained are now wasted because there is no place for them to apply that knowledge presently".

The more a Nation's market is open to the world, the more prone it is to socioeconomic issues that affect their national security, such as increased crime rates due to unemployment, violation of territorial rules and agreements, migration and other socioeconomic and political threats (Olatunji et al., 2013). Muhammad (2011) ascertains that when jobs are not secure, individuals are not secure and when they are not secure, the nation cannot be secured either, and if the nation is under siege due to external forces, the nation and its citizens cannot be guaranteed of safety. In view of this, national security is the key to achieving developmental goals and survival strategies of any society. In the case of the Nigerian textile industry, high unemployment rate has been identified as a threat to national security (Muhammad, 2011; Makinde et al., 2015). The implementation of trade policies did not take into account the relevance of a shared value perspective, and this led to the lack of competitiveness and eventual closure/downsizing and diversification of many firms in the industry. Other findings from this study suggest that lack of productivity and competitiveness in the Nigerian textile industry led to low patronage of locally manufactured fabrics and changes in buyer behaviour. This almost implicitly made it impossible for domestic manufacturers to build or sustain inter-organisational relationships with key stakeholders in the industry.

5.3 Low Patronage of Locally Manufactured Fabrics and Changes in Buyer Behaviour

Frings (2001) submits that trade liberalisation has led to enormous importation of textile fabrics, especially in developing countries. In the case of Nigeria, findings from this study show that the trade openness has brought about huge competition for SMEs' operating in the Nigerian textile industry, leading to low patronage of locally manufactured fabrics and changes in buyer behaviour. To analyse further these points, the discussion of this section is tailored on five themes: (1) lack of variety and value; (2) exporting as a means of making profit; (3) outsourcing; (4) importation as a strategy; and (5) sophisticated and unsophisticated buyers.

5.3.1 Lack of Variety and Value

External competition from the global business environment has placed SMEs' under immense pressure to sustain their competitiveness, especially in their domestic market. SMEs' are faced with the fundamental challenges of simultaneously creating value in their product offering that meets market demands and attains long-term competitiveness. Finding from this study indicates that in the past, patronising domestic fabric manufacturers were profitable to everyone in the country in terms of quality and value for money. However, due to competitive pressures arising from the global business environment, most customers chose to patronise manufacturers based in countries like China who provides them with variety and value for money. For instance, the Secretary of Aswani market fabric traders noted that:

"The low patronage of locally manufactured fabrics is because the local manufacturers cannot meet with the demands of the market due to the issue of poor infrastructure such as electricity in the country which not only affects their cost of production, but also reflects on the price of locally manufactured fabrics, which is more expensive compared to those smuggled or imported from China and this has made it difficult for domestic industries to compete favourably with countries like China which has lots of support from their government who helps in subsidising some of their products".

There is a general consensus that creating customer value determines customer loyalty. Customer perceived value of a firm's offering is derived from the trade-off between the benefits (the perceptions of the product or service quality) of the firm's offer, and sacrifices (the prices and non-monetary costs) of the offer (Cretu and Brodie, 2007:232). The perception of “benefits” in terms of product or service quality is not only limited to physical attributes, but can also include emotional components; like how trustworthy is the offering and how readily available is the offering to meet market demand. Sacrifice refers to the worth of offering measured against the customers’ perception of the offering. As discussed in chapter four, the lack of efficient, supportive policy environment limited domestic manufacturers’ competitive abilities and this led to low patronage of locally manufactured fabrics in the country. For example, Mrs Taiwo, who has been trading on laces, brocades and other textile materials for the past 20 years in the Lagos market, attributes the reason for the low patronage of locally manufactured fabrics to two major factors:

“Firstly, the lack of variety and value in the Nigerian textile industry and secondly, Nigeria’s trade policy and trade agreement with China, which led to the Chinese taking over the Nigerian market because they have companies, homes, markets and they have everything at their disposal in Nigeria. Also, they can easily meet the demands of the Nigerian market and supply the traders with whatever fabric they require”.

Nigeria is currently China’s second largest trading partners in Africa after South Africa (Eneji et al., 2012). As a result, China’s growing involvement in Nigeria has drawn lots of attention, especially from stakeholders in the Nigerian textile industry. They complain about the trade imbalance between Nigerian and China. This is due to high rates of textile exports from China to Nigeria and none from Nigeria to China on textiles. It is evident based that the rapid growth of China’s textile exports is supported by efficient economic policies, lower wages and higher levels of innovation that Nigeria lacks (Eneji et al., 2012; Ayoola, 2013). The lack of dynamism in the Nigerian textile industry has been viewed as a key factor for SMEs’ uncompetitiveness and reduced market share. Nemutanzhela and Iyamu (2011) submit that when a business runs out of innovative capabilities, then it is bound to lose its customers and competitive position. According to Gunday et al (2011), product innovation is driven by technological capabilities, changes in buyer behaviour, product lifecycles and increase in global competition. Thus, in order to regain the competitive position of the Nigerian market, SMEs’ fabric manufacturers must engage in strong collaborative relationships with their customers and other key stakeholders in and out of the textile value chain. Furthermore, Mr Chibuzor a trader in Lagos Market explains that he has been trading on textile fabrics for the past five years, especially in lace materials and other sample fabrics depending on what the market wants. He noted that the reason why they do not patronise local manufacturers is that:

"The quality of locally manufactured lace and sample materials are not good, hence we prefer to patronise manufacturers and suppliers based in Dubai, China and India where it is cheaper with lots of varieties. I also blame the lack of variety and value of locally manufactured fabrics on the government's inability to adequately upgrade textile firms in the country and respond to their challenges".

The decline in the Nigerian textile industry is due to low product demands; this is linked to low productivity. Ikiara and Ndirangu (2004) mention that the lack of variety and value in domestic production has resulted in huge competition in import markets. In import markets, the absence of firms' sustainable competitive advantage has put a huge constraint on inter-organisational relationships especially between firms and their customers. There is an unfair competition due to the importation of cheap fabrics, counterfeiting and tax evasions. These factors impact negatively on the economy, such as; increased unemployment rates due to lack of government support in the implementation of effective and efficient policies (Maiyo and Imo, 2012). Sustainable competitive advantage depends on firms' productivity and innovative capabilities (Porter, 1998). However, it is impossible for firms to compete favourably and operate efficiently under difficult regulatory environment. The role of the government is therefore, to work collaboratively together with key stakeholders, to create an enabling and conducive environment for SMEs' to flourish through the formulation of efficient trade and related policies. It is believed that the lack of value and variety in domestic production has encouraged most domestic manufacturers into employing export-led growth as a means of sustainable competitive advantage.

5.3.2 Exporting as a Means of Making Profit

One of the fundamental objectives of businesses is to achieve higher profitability and sustainable competitive advantage. Hence, exporting is widely used as an expansion strategy by firms. It also enhances the socioeconomic growth and development being that it generates sufficient capital inflow, boost domestic production capacity and tends to increase employment levels and expand domestic investments (Omojolaibi et al., 2015). However, this study found out that most domestic manufacturers in the Nigerian textile industry engage in export-led growth strategy as a means of making a profit due to competitive pressures from foreign competitors and changes in buyer behaviour towards made in Nigeria fabrics. For instance, Mrs Ubah a textile trader in Oshodi Market for the past 35 years claims that due to the low patronage of locally manufactured fabrics:

"Most textile manufacturers in the country have employed exporting as a means of making profit. Most of these manufacturers, export these locally made fabrics out of the country, which are later imported back into the country for traders to buy as foreign made".

Global competitive markets led to pressures on domestic manufacturers to engage in exporting as a means of making profit in most developing countries (Mofrad, 2012). Equally, Nigeria's buyer behaviour towards foreign made goods also triggered domestic manufacturers into export-import led growth strategy in the textile industry. Harrigan and Porter (1983) claim that demand in domestic production in industries close to extinction reduces for a number of reasons: (1) domestic manufacturers do not have the technological capabilities and macroeconomic and infrastructural stability to compete favourably with foreign competitors; (2) changes in buyer behaviour in the dawn of economic liberalisation makes it difficult to meet market demands in terms of variety and value and this causes local demand to decline; and (3) the cost of production increases the price of domestic production and shrinks demand due to macroeconomic and infrastructural instability. The cause of decline helps determine how firms will perceive both future demand and the profitability of serving the diminished market. In a shrinking industry, the nature of demand determines the profitability of the remaining competitors (Harrigan and Porter, 1983). If the remaining market structure is favourable to domestic manufacturers in terms of demand, then decline can be profitable for well positioned firms, otherwise, these competitors tend to look for profitability in export markets (Harrigan and Porter, 1983). Similarly, Madam Margret a trader at Sabo market report:

"Textile firms like Company X exports their quality fabrics to Cotonou while they sell the fabrics made of poor quality in the local market at the same price because the consumers prefer cheaper goods and in order to make profit they export their fabrics abroad".

Subasat's (2002) study of the relationship between export and economic development shows that export is only beneficial to countries with high levels of development. In countries with low levels of development, there is a negative relationship between export and economic development. Similarly, Jarra (2013) argues that export-led developmental strategy is detrimental to developing countries due to global competitive pressure because their export capacity is limited by imports from industrialised countries. However, Omojolaibi et al (2015) provide a counterargument using non-oil export in Nigeria as a case study. The study reveals that there is a positive correlation between non-oil exports and economic growth, however, due to unfavourable macroeconomic and infrastructural policies; this positive impact is yet to be felt. It is therefore important that key stakeholders in the Nigerian textile industry engage in collaborative partnership towards the implementation of effective and efficient policies and reforms aimed at reviving the Nigerian textile industry before engaging in export markets. Furthermore, findings from this study seem to indicate that there are other categories of manufacturers specialised in the importation of textile fabrics into Nigeria.

5.3.3 'Importation' as a Strategy

Over the years, Nigeria has employed various strategies to protect the country's industrial sector through ISI with the aim of reducing the amount of imported finished goods entering into the nation's market and to encourage the utilisation of domestic resources. This policy was later overtaken by SAP/WTO, which integrated world economies through trade openness, this meant the elimination or reduction of barriers to free trade. However, in recognition of the role played by Nigeria's industrial sector in economic development, successive governments continued to implement policies on import ban to protect the industrial sector, especially in areas of production where they possess a competitive advantage such as a ban on the importation of certain print fabrics. Despite these efforts by the government, findings from this study indicate that the Nigerian textile industry has lost its competitive position to massive importation from foreign countries. For example, the General Secretary of the Textile, Garment Tailoring Senior Staffs Association of Nigeria (TGTSSAN) validates that due to the low patronage of locally manufactured fabrics; most of the remaining textile manufacturers in the country employed importation as a strategy to remain competitive in the industry because:

“The factories cannot continuously be running materials which cannot be sold at a particular price. Therefore, given the aim of running, a factory is to make money, but due to low patronage, they get to a stage that they can no more run these factories so it is better for them to import these items into the country. They rent a small room and install air conditioners there with a small generator and the items are coming from their factory located in another country and they just sell”.

Trade is considered an important part of economic development as it creates healthy competition and efficiency and promotes growth (Osa, 2014). In most developing countries like Nigeria, it is believed that trade openness has brought more threats than opportunities to businesses. For example, Alli’s (2008) study on the performance of Nigeria’s manufacturing sector discovered that only 10 percent of manufacturing firms are in full operation while 60 percent are on the verge of closure because of trade openness. However, Sola et al (2013) identified a lack of macroeconomic variable and economic policies as major issues inhibiting growth and development of the Nigerian manufacturing sector. This has given foreign importers a competitive edge over domestic manufacturers. Thus, in a bid to make quick profit, most domestic manufacturers employ importation as a strategy because it is less expensive than running a factory locally. Bearing in mind the high costs of production in the country arising from the multiplicity of tax from various tiers of government, high cost of importing raw materials and machineries, cost of diesel, payment of salaries and other additional costs of running a factory continuously. The Assistant Personnel Manager ITI noted that:

“Most of these manufacturers decided to stop production and the payment of staffs because it was beneficial to them because they no longer have to worry about paying bills such as National Electric Power Authority (NEPA) or buy diesel. What they have is just the warehouse, security and marketers, which is better off. They had no option but to diversify and the government is to blame because they lured these manufacturers into the importation of substandard goods into the Nigerian market because that’s what they do as well”.

Infrastructural decay has a huge effect on Nigeria’s industrial sector. For instance, industries such as textiles rely mainly on the use of diesel to power their plants due to power failure and instability in the country. This increased production cost and led to low capacity utilisation and loss of competitive advantage (Chukwu et al., 2015). Poor infrastructural framework, which raises the cost of production, is also a contributing factor to manufacturers employing importation as a strategy to quick profit. Ku et al (2010) attribute the high cost of production to energy, high interest and exchange rates on the importation of raw materials and machineries, influx of inferior and substandard products from foreign countries, multiplicity of taxes and levies, low purchasing power of buyers resulting partly in poor sales. Though Sola et al (2013) identified a lack of macroeconomic variable and economic policies as major issues facing the Nigerian manufacturing sector, Dipak and Ata (2003) suggest otherwise, that the main problem facing the country's manufacturing sector is the absence of technological advancement. In this era of liberal markets and global competition, firms are meant to focus more on enhancing their product quality by increasing their expenditure on research and development. This is illustrated in Malik et al's (2004) report that the Nigerian manufacturing sector lacks behind in areas of technological advancement and skills acquisition due to weak regulatory framework in the sector; thus diminishing firms' productivity. Although most textile retailers noted that Made in Nigeria Fabrics are the best in terms of quality, however, they complained about the lack of availability as one of the reasons responsible for the low patronage of locally manufactured fabrics. They attributed the low patronage to poor government policies, especially in the provision of infrastructural amenities such as electricity. For example, Mr Chibuzor a trader in Lagos Market submits that:

"If the government had invested massively in the textile industry, things would have been better and cheaper because textile traders are not happy travelling out of the country to invest or spend their money elsewhere. If we can get it cheaper here and get our own gain, we will like it because it will be stress free and less expensive. So with that we can go to our local dealers and do business with them. Meaning, we the traders and our customers will patronise these manufacturers and it will also be a source of revenue to the government".

Increased importation has a negative impact on any economy, especially the importation of products that can be locally manufactured (Ngene et al., 2016). It leads to the deindustrialisation of firms resulting in loss of market share and increased unemployment as can be seen in this study. Hence, most countries protect their domestic industries through trade barriers. Given the importance of the Nigerian textile industry in the economy, one of the central roles of the government should be to foster growth and development of the industry. The role of the government as key regulators is to enforce policies that stimulate and maintains a healthy business environment for businesses to thrive as can be seen in developed countries and most developing countries such as China. However, in Nigeria, the absence of consistent and effective policy framework and shared value between key stakeholders is very visible. These absences mean increased competitive pressures and hostility for domestic SMEs' operating in the textile industry such as competitive market and product related uncertainties, intense competition among competitors, change in demand conditions and unfavourable business environment. OECD (2009) ascribes SMEs' competitive hindrance to the lack of shared understanding and collaboration between the government and stakeholders in term of access to information by decision makers or policy makers and corruption as contributing factors in the implementation of unfavourable socioeconomic policies.

However, for domestic retailers, importation is viewed as a profitable and lucrative business, given the loss of competitive advantage in the Nigerian textile industry. Some fabric traders noted that they decided to source for fabrics elsewhere, especially from importers in the Northern part of the country and Cotonou because most domestic firms like Company Z either relocated to countries like Ghana where the business environment is favourable or they shut down operations. While the remaining textile fabric-manufacturing firms could not meet up with their market demands due to lack of value and high cost of fabrics. In this view, importation of textile fabrics became a very lucrative business for these retailers because it is very profitable. For instance, Madam Chioma head of textile lace traders in Lagos market claims that textile business deals with fashion and the latest trends and Nigeria cannot offer that in terms of quality:

"Importation is the best option and it is also very profitable. Hence, all lace traders in Nigeria travel abroad to purchase, unlike the Ankara and Da Viva that can be gotten from a company in Nigeria, no company in Nigeria can manufacture different variety or types of laces".

Importation of textile fabrics undermines Africa's economy, it heaps more pressure on domestic industries struggling to survive and adapt to changes in the global business environment amidst infrastructural decay in their operating environment (Bradley, 2013; Emefa et al., 2015). It is believed that that the long-term effect of continuous fabric importation in Africa, is that countries like Nigeria will not be able to revive or protect their domestic industries, as valuable percentage of their market share will be completely lost to importers of textile fabrics (Bradley, 2013). The high cost of production accompanied by the lack of value and variety in domestic production are some of the factors that encourage the importation of textile fabrics in Nigeria. The patronage of Made in Nigeria Fabrics is critical for the socioeconomic development of the country. What is lacking is the creation of shared value among key stakeholders in collaboratively dealing with the issues and needs of the industry. Thus, there is the need for shared understanding and collaboration for these stakeholders to jointly re-examine issues in the Nigerian textile industry and implement well-structured policies aimed at boosting and attaining a long-term sustainable competitive advantage that is mutually beneficial to the firms and the society. Likewise, Mr Eze a textile trader in Oshodi market stated that:

"In the past, I patronised local manufacturers in the country, but with the Chinese arrival in Nigeria, most of the textile traders tend to patronise them because they are very business inclined and they import fabrics from their country down to Nigeria to sell to the traders because of the challenges faced by the Nigerian textile industry. Hence we patronise Chinese suppliers based in Nigeria and also travel down to Cotonou to purchase fabrics".

Nigeria-China bilateral relationship dates back to 1971. Empirical studies indicate that the outcome of this trade relation has solely been in favour of China. For instance, Eneji et al (2012) discuss that the volume of trade between Nigeria and China in 2009, stood at $6.373billion in favour of China. China's export to Nigeria accounted for $5.476billion most of which were from textiles. While imports from Nigeria's oil and gas industry was $0.897billion. The imbalance in trade is due to differences in economic structure. Manufacturing is an important part of China's economy, while oil and gas industry is an area where Nigeria possesses a more competitive advantage than China (Olugboyega et al., 2010; Eneji et al., 2012). A major developmental issue in Nigeria as noted continuously in this study is the infrastructural deficiency and macroeconomic instability. Meanwhile, China has developed one of the world's largest and most competitive manufacturing industries due to strong macroeconomic and infrastructural stability. China's dominance of the Nigerian market can also be seen in the creation of China town (an ultra-modern Chinese shopping mall in Lagos, Nigeria) made up of 120 shops and 75 percent Chinese ownership. Olugboyega et al's (2010) study revealed that the market mainly deals with the sales of textile fabrics, some of which are produced by Chinese firms based in Nigeria, while the majority are imported or smuggled from China. These factors have contributed immensely to the collapse of the Nigeria textile industry. The Director General NTMA and NTGTEA discuss that apart from government, Nigerian Masses are also to blame for the challenges facing the textile industry because Nigerians prefer imported goods. He explained that:

“The infrastructural problem in the country has made imported fabrics cheaper though the quality is very low compared to that which is produced locally in Nigeria and because Nigerians have disposable income, they want to spread their money the best way possible”.

Textile fabrics have become an integral part of global business. According to (Kuruvilla and Ranjan, 2008), developing countries have become a centre for global fabric trade because of liberal trade policies. This has led to rapid changes in buyer behaviour because customers and consumers today are more informed; they know what they want and are ready to take advantage of the latest services accompanied by trade openness. Hence, customers now have the power to determine the success of businesses and economic wealth in terms of goods and services purchased (Achumbe, 1998; Ozonwu, 2009). Changes in buyer behaviour and perception of imported goods as one made of quality contributed to the deindustrialisation of domestic textile firms in most developing countries like Nigeria. According to Akinrinade and Ogen (2008), 40 percent of the 40million metres of fabrics imported monthly from China to Africa are dumped in Nigeria. Thus, 80 percent of the fabrics in the country’s textile market is being controlled by Asian textiles which are 20 percent cheaper than domestic production.

5.3.4 Outsourcing

Outsourcing consists of the purchase of products or services from external suppliers in order to gain competitive advantage. It involves an agreement to contract-out part of a firm’s existing internal activity to the external organisation (McCarthy and Anagnostou, 2004). Businesses engage in outsourcing for a number of reasons: to improve the use of capital investments by concentrating the firm’s human and capital resources on its main activities and; by acquiring access to external competencies or as a tool in adapting to rapidly changing environment (Isaksson and Lantz, 2015). Some Stakeholders in the industry noted that due to the competitive nature among fabric traders in Nigeria and the quest for sophistication among consumers, most traders employed outsourcing as a means of making extra profit. According to the NLC President:

“These traders copy most of our domestic designs and send it to suppliers outside the country for mass production, which is later shipped down to Nigeria for sales. While others contact foreign suppliers outside the country with designs of their choice for production. All these are costing the government and the industry a lot”.

Manufacturing loss has been attributed to economic liberalisation and outsourcing. Outsourcing has become an important business approach, whereby a competitive advantage may be gained when products or services are produced more effectively and efficiently by outside suppliers (McCarthy and Anagnostou, 2004:63). However, in Nigeria, Ekeng and Ewah (2010) report that Nigerians' perception towards locally manufactured products and their quest for sophistication and quality in foreign products led Nigerian customers or traders into profit-oriented ventures of outsourcing goods and service from foreign countries to satisfy consumer needs without considering the economic impact. In the absence of a supportive regulatory framework from the government, Anyanwu et al (1997) note that outsourcing of fabrics impacts negatively on the value of the Naira, the efficiency of the Nigeria Customs Services and increased corruption and deindustrialisation of domestic manufacturing firms (Raballand and Mjekiqi, 2010). However, in their defence, lace fabric traders in Lagos market noted that they outsource for fabrics from suppliers based in countries like India, Dubai, China and Korea due to lack of variety and value in domestic manufactured fabrics. Another reason why these traders engage in outsourcing is that it is much easier to do business with foreign manufacturers. This is because they are actively involved in the process of co-creating the product offering, as there is a smooth flow of communication and information sharing. Also, rather than travelling down to these countries, it is much easier for these traders to send pictures of the various designs and quality of fabrics required to their foreign supplier by phone or by placing orders online which is later delivered to them in Nigeria. For instance, Madam Chioma head of textile lace traders in Lagos market who has been in the business for the past 12 years and deals on varieties of textile fabrics imported from countries such as India, China, Niger, Vietnam and Dubai, discuss that:

"Unlike the Yoruba lace that has a company in Nigeria these ones cannot be produced here in Nigeria. Like the cod lace, which is not in Nigeria, we can get it from Vietnam, China, and Korea. Beaded French lace, just like the one I have here, you can get it from Korea. Then we also have what we call George you can't see them in Nigeria, most Georges are gotten from Indian no other place, no other country manufactures George its only India that's where you will get a qualified texture of the raw silk used in producing George".

Outsourcing is inevitable to customers, especially in situations where domestic manufacturers lack innovative capabilities to meet market demands. Outsourcing occurs in two ways. First, outsourcing may arise through substitution of external purchases for internal activities. This may occur when there is a discontinuation of internal production of goods or services and thus marketers turn to outside suppliers (Gilley and Rasheed, 2000). This type of outsourcing reduces the competitive abilities of domestic manufacturers. Second, Outsourcing may also occur through abstention. This happens when businesses purchase goods or services from outside suppliers even when those goods or services have never been produced in their domestic business environment in the past (Gilley and Rasheed, 2000). Outsourcing is said to be beneficial as: (1) it allows economies of scale and longevity of demand and greater specialisation in the provision of goods or services; and (2) improves product quality through product innovation and development and therefore leads to increased demand (Kakabadse and Kakabadse, 2000; McCarthy and Anagnostou, 2004). Despite the benefits associated with outsourcing, it also has some disadvantages. Arubayi (2012) discusses though outsourcing is a global phenomenon, it is however responsible for high unemployment rates in Nigeria's manufacturing sector. Dependence on outsourcing leads to loss in market share and productivity. It also hampers the innovative capacity of the outsourcer. Also, as suppliers gain knowledge of the product being manufactured, they may use that knowledge to begin marketing the product on their own. For example, many Asian firms achieved market dominance in the U.S. by first engaging in supplier agreement with U.S. manufacturers and subsequently marketing their own brands in the country (Gilley and Rasheed, 2000).

5.3.5 Sophisticated and Unsophisticated Buyers

Traders in the Lagos market referred to the consumer buyer behaviour of the average Nigerian as one being influenced by the Western world based on what they see on the internet and the fashion shows they watch on TV. Hence, traders have to keep up with the latest trends in order to remain competitive, meet market needs and demands. According to Mr Chibuzor a textile trader in Lagos market:

"Consumers want the latest fashion on TV like what the celebrities are wearing abroad, so they make a request for it and most times our manufacturers or suppliers have to go to places like London to get the original design from the real fashion company and then I don't know how they do it and it will get to China and they will start manufacturing it in huge quantities and then they supply us so we can start selling the fabric".

In the fight for profitability, fabric traders are obliged to source for fabrics to meet consumers' needs rather than depending on inward supply from domestic manufacturers. Modi and Jhulka (2012) note that what is more important now is not what can be made by domestic manufacturers, but what consumers' want and how these needs and want can be met. Buyer behaviour is influenced by a number of market stimuli offered by the marketers, which involves the combination of social and psychological processes that influences their lifestyle and consumption patterns (Ogunnaike, 2010; Modi and Jhulka, 2012). Social forces are the divisions within a society that are made up of individuals who share common interests, values and beliefs such as; family, reference groups, status and social roles which have a huge influence on consumers' attitude and lifestyle (Pessu, 2012). Ogunnaike (2010) submits that psychological forces influence consumer buyer behaviour towards local and foreign-made goods and these forces can be divided into two categories. The first category consists of consumers who are mostly socialites that go in search of distinctive and exclusive quality fabrics which makes them stand out amongst others and in Nigeria, foreign-made fabrics are viewed as one made of quality. The second category is made up of those consumers whose dreams and aspiration is to visit countries they cherish so much outside Nigeria but cannot afford it; as a result, they purchase their products as a way of associating themselves with those countries. As predicted by Oshiomhole in 1996:

"There is no doubt in the fact Nigerians have already acquired sophistication in consumption. So they will go for the most sophisticated materials anyway and since the government does not stop it from coming in, the people cannot be stopped from buying it. That means then that the appropriate policy of the union may not be to prevent the introduction of new technology because one way to secure your local market is to ensure that your production is as sophisticated as your consumption, otherwise if your consumers get more sophisticated than your production, then your industry will be wiped out and traders will take over the place of manufacturers"

According to Porter (1990:89), "a nation's firm gains competitive advantage if domestic consumers are or among, the world's most sophisticated and demanding buyers for product or service". That is, such consumers mount pressure on domestic manufacturers to improve on their production output, in terms of quality and value. In Nigeria, defining consumers' sophistication and understanding of quality is contradicting based on findings from this study. There are two categories of fabric buyers in Nigeria, according to this study: the sophisticated and unsophisticated. Sophisticated buyers fall below the upper and middle social class in the society who can afford expensive quality materials. While the unsophisticated are those in the lower class who cannot afford expensive fabrics, but would like to be associated with quality. Those who fall under this category mainly go after cheap Chinese fabrics of low quality such as polyester fabrics and cotton fabrics. Both categories of buyers are highly influenced by Westernisation and as such are prepared to go the extra mile to stand out among their peers. Given that domestic manufacturers cannot meet the market demand of these consumers due to lack of resources and collaboration, these consumers therefore rely on customers (wholesalers and retailers of fabric textiles) for their supply of quality and non-quality fabrics. Thus, encouraging smuggling and counterfeiting of domestic designs and fabrics, as well as encouraging the outsourcing of fabrics by domestic traders to meet market demands, thereby leading to deindustrialisation of the country's textile industry.

Furthermore, fabric traders at Oshodi market stressed that there are two categories of consumers in Nigeria. The first group is made up of consumers who are after quality and care less about the price so long as their needs are met and they get value for their money. The second group is influenced by the price of the fabric. This category of consumers is mainly after cheap fabrics and they do not care about the quality. For instance, Mrs Ubah a fabric trader at Oshodi market explained that:

"The locally manufactured ones (such as ankara, suiting and shirting materials) in the country are better than the imported ones and it is made of better quality. In Nigeria, we have two categories of locally manufactured fabrics; we have the fake, which is of lower quality and the original, which is of a better quality. I sell this particular fabric from ITI for 2,500 Naira and it's the original, but the other store across sells similar fabric for 1,000 Naira from Company X at Location B and all their products are fake".

Price and quality have been identified as the determinants of buyer behaviour (Mankinde et al., 2015). Considering the fact that the trade of textile fabrics attracts huge sales worldwide, it is essential to understand the factors influencing buyer behaviour. Findings from this study suggest that the standard of living also has a huge influence on buyer behaviour in Nigeria. For instance, Yusuf (2006) mentions that price influence on buyer behaviour can be divided into two categories: those who cannot afford the high cost of domestic fabrics patronise the imported ones. While those who are financially buoyant patronise both imported fabrics and Made in

Nigeria based on product quality and value. There are different perceptions of quality in domestic fabric production amongst these customers. For instance, lace traders based in Lagos market argue that those manufactured locally are of lesser quality compared to those imported. While ankara, shirting and suiting material traders based in Oshodi market and Aswani market have different views on the quality of Made in Nigeria fabrics. For instance, some fabric traders at Aswani and Oshodi market argue that the quality of those locally manufactured are far better than those imported and smuggled into the country, while others in the same markets disagree with this view. Also looking back at the preliminary study, it shows that traders based at Sabo market are of the opinion that imported or foreign fabrics are made of better quality and value than those locally manufactured in the country, hence they are into outsourcing. These contradictions demonstrate the lack of shared understanding of what really defines "quality" amongst stakeholders in the Nigerian textile industry. As a result, this has immensely contributed to the challenges of the industry. Hence, the creation of shared value and understanding is essential in bridging this gap through collaborative partnership and cooperation. Furthermore, Mr Eze fabrics trader at Oshodi market adds that:

"Customers who go after quality here are few and the majority of our customers are those mainly after very cheap fabrics. So if we have to patronise the Nigerian local market, it has to be somehow cheap for us too, but a lot of people prefer quality fabrics because of the way the economy of Nigeria is now, they prefer quality things, but when they compare the price, it determines what fabric the customer buys either the imported or those locally manufactured which is more expensive".

The economic factor, which influences buyers' preference for imported goods, is linked to price, product quality and availability (Leon and Kanuk, 2007; Ogunnaike, 2010). Nigeria customers and consumers have gained sophistication in consumption for foreign fabrics in light of trade liberal policies. It is believed in Nigeria that foreign-made fabrics are of superior quality than those produced locally. Ogunnaike (2010) cites that there is a popular belief among Nigerians that locally manufactured fabrics are inferior in quality to foreign made/imported fabrics. This has intensified the competition between foreign and locally manufactured textile fabrics in the country's market. Given that domestic manufacturers lack the necessary resources and a sound policy framework in the country, they are unable to compete favourably with these imported fabrics. There are also series of concerns and complaints from customers and consumers regarding the high prices of locally manufactured fabrics in the market and the lack of value.

The availability of numerous foreign brands has seen a shift in buyer behaviour and has made it easier for customers in Nigeria to satisfy their needs and wants for imported goods in the country. Some trade union stakeholders explained that most Nigerians are deceived into buying these imported cheap fabrics because they are unaware of the price difference between the superior quality fabric that cost more, and low quality counterfeited fabric, which cost less. These consumers only realise that they have purchased counterfeit fabrics after use. For example, the Director General NTMA and NTGEA illustrates with the Ankara Made in Nigeria fabric he was wearing:

"I am wearing a ₦2000 Made in Nigeria fabric which I have been using for about 8 to 10 years and the quality is still very good, but the imported fabrics cost ₦1000 which the consumers prefer, but when they wash it two to three times it's gone, but the average Nigerian is not bothered because of the variety of imported fabrics in the market and the fabric might not be in fashion by then, they can buy from one trader today and another next week. So they decide to go for the cheaper one, but why is it cheaper? Is because our cost of production is very high".

The illustrations from these key stakeholders demonstrate the absence of a sound policy and regulatory framework aimed at checking the quality standards of imported fabrics into the country's market. Ogunnaike (2010) affirms that the government contributed to the negative perception of Nigerians towards Made in Nigeria fabrics by making the nation's market a dumping ground for all sorts of fabrics to be imported at low rates and also through frail attempts at checking smuggling. Akinrinade and Ogen (2008) add that the government also contributed to the low patronage of Made in Nigeria fabric through the creation of China Town which enhanced the importation of sub-standard fabrics, most of which are local designs that are fraudulently copied or stolen and sent to China for mass production. The managers of ITI ascribe the quest for foreign-made goods by Nigerian citizens to the downfall of the textile industry today. In their opinion, this also led to their company's products being counterfeited and pirated in the Nigerian market over the years. They view the buyer behaviour of Nigerians as being influenced by price differentiation between the locally manufactured goods and the foreign made goods. According to the Assistant Personnel Manager of ITI:

"Although the quality is not there, but before the customer will realise this fact, it's when they must have used the fabric. When they go to the market to make a purchase and they see exactly the same material for different prices, for example the branded ITI fabric cost ₦300 and the other is ₦100. Before a customer will start looking at the quality they will first of all prefer the cheaper one. It is during usage that they will realise it is not the original, but before then a lot of people must have patronised the fake at the expense of the original".

Consumers usually make purchase decisions based on price. Huang and Chen (2013) assert that there are two categories of reference price that influences consumer purchase decision; internal and external reference price. Internal reference price is mainly driven by the memory and consumers purchasing experience; this occurs when a consumer compares the price previously paid for an item to the present. External reference price is influenced mainly by external environmental price incentives; such as the option between the highest and lowest products on display. Mazumdar's and Papatla's (2000) study demonstrates that internal and external reference prices have a huge influence on consumer buying decision. However, some consumers are more sensitive to one reference price than the other. This study suggests that the majority of Nigerian consumers' are more sensitive to external reference price than the internal reference price. Though some stakeholders noted that consumers are being deceived into buying cheap counterfeited fabrics, others argue that Nigerian consumers are able to differentiate between fake and original fabrics based on the price differentiation, but they chose not to because of their purchasing power, hence most of them opt for cheaper fabrics. According to the General Secretary of the TGTSSAN:

"The standard of living of the average consumer is to blame. For example, a lady earns ₦10,000 as monthly salary and she has four kids to feed and clothe and a yard of the original fabric is ₦2500 and the fake is ₦1,500. If you are the parent, which would you go for, considering all the other expenses you have to pay? That is one of the challenges faced by the industry. We have traders who want to make a quick profit and consumers who have to consider their pockets first before buying fabrics"

Economic situation such as income level or standard of living has a huge influence on buyer behaviour. Solomon (2004) suggests that income level and standard of living determines the amount consumers are willing to spend on a purchase and perception towards money. Lautiainen (2015) indicates that consumers from lower income groups are more interested in the purchase of products that meet their immediate needs, thus are not mainly after quality but rather inexpensive products (Uzosike, 2011). On the other hand, consumers from higher income groups are more likely to purchase expensive products (Uzosike, 2011; Gajjar, 2013; Sandu, 2014). To further illustrate this point, Fiorini et al's (2013) study revealed that in Nigeria, higher income consumers prioritise modern shopping experience and are willing to pay any amount to shop in a luxurious environment with lots of product varieties. Meanwhile, low-income consumers select stores to shop based on price offers. Mrs Ubah a textile trader at Oshodi market submits that:

"Fake fabrics sell more than the original because Nigerians are more attracted to cheap things because they cannot afford the expensive fabrics in the market. In my view, the standard of living and income level has a huge influence on the purchasing power of consumers in the country. In Nigeria, people do not have the money, hence they go for lower quality in order to meet their needs. They do not care about brand names; rather they care about the price, but only few customers or consumers can afford the quality fabrics".

Trade openness has made it possible for buyers to choose from a variety of offerings and thus aside quality, price has become one of the major determinants to which purchase decisions are made (Ogunnaike, 2010; Owusu, 2013). Dahir et al (2014) mention that standard of living is a major determinant of price in buyer behaviour. That is, the standard of living determines how much consumers are willing to spend on fabrics. Owusu (2013) discusses that most buyers view price as an indicator of product or service quality, which is then evaluated, based on the perceived value or benefit derived from the consumption of the offering. For example, Fiorini et al's (2013) study on buyer behaviour in Nigeria found that consumers based in Lagos are more price conscious, with 55 percent in favour of low priced items compared to 20 percent in Abuja and 17 percent in Kano. They noted that consumers who fall under the category of "low price hunters" are money conscious, as 49 percent are willing to go the extra mile to purchase products offering varieties at the lowest price; paying less attention to the product quality. In addition, Mrs Ubah revealed that:

"Most parents have lots of bills to pay like their kids school fees hence they specifically request for the cheapest fabrics in the market bearing in mind that it is of poor quality and durability. Due to the high demand of these cheap fabrics, companies like X sell more than other textile companies in the country because their products are the cheapest in the market. Their cheap fabric which is of lower quality not only attracts Nigerians but also traders from across the borders in Cotonou".

In today's competitive environment, understanding how buyers respond to diverse marketing stimuli has become a necessity for firms as it enables them to draw out strategies that assist in meeting their needs (Huang and Chen, 2013). It is evident-based that in this study and other empirical studies that pricing strategy is commonly used to attract customers. Domie (2013) observed that pricing strategy is used as an approach to build a false impression towards product quality. Given that, it plays a crucial role in firm survival and profitability. Firms compete simultaneously with each other to attract and maintain customer loyalty (Al-Salamin and Al-Hassan, 2016). As can be seen from this study, pricing is a medium used by some domestic fabric manufacturers to obtain a competitive edge over other competitors in the Nigerian market. However, succeeding in business markets goes far beyond pricing strategy. To acquire and sustain long-term competitive advantage, SMEs' in the Nigerian textile industry must: (1) identify or select a target market; (2) establish a trustworthy business relationship through which the needs and wants of the target groups are understood; and (3) collaboratively co-create value towards providing the right products or services that meets their needs. However, this can only be achievable through the creation of shared values among key stakeholders by collaboratively working together to restore the country's textile industry by creating a conducive business environment for firms to flourish through sound and efficient policies and regulatory frameworks.

5.4 Summary of the Chapter

This chapter has extensively discussed the impact of trade-related policy issues on SMEs' productivity and competitiveness. Firstly, the analysis commenced by examining how related policy issues identified in chapter four (high production cost, removal of import ban and the influx of textiles) impacts on SMEs' productivity and competitiveness in the Nigerian textile industry. It was found that high production cost, removal of import ban and the influx of textiles led to loss of market share and textile manufacturing firms, and massive unemployment. This in turn led to low patronage of locally manufactured fabrics and changes in buyer behaviour. Secondly, the low patronage of locally manufactured fabrics and changes in buyer behaviour were noted as some of the key issues leading to the collapse of the country's textile industry. The study also identified that the lack of variety and value of domestic production led customers into outsourcing of fabrics from foreign suppliers in a bid to meet consumers' needs. It also led them into employing importation as a strategy to make more profits. Furthermore, it was discovered that due to loss of market share and lack of competitive advantage in the Nigerian textile industry, most manufacturers had to employ export-import led growth strategy as a means of making profit and maintaining their relevance in the market, given that Nigerian buyers value foreign-made products than those locally manufactured. Finally, the sophisticated and unsophisticated nature of Nigerian buyers were analysed in relation to their individual perceptions of quality and price influence towards the purchase of textile fabrics. It was revealed that income level is a major determinant in buyer purchase decision-making process.

CHAPTER SIX: RESEARCH QUESTION THREE

Collaborative Areas of Partnership between SMEs' and Key Inter-organisational Stakeholders in the Nigerian Textile Industry

6.1 Chapter Overview

The previous chapter focused on the impact of trade and related policies on SMEs' productivity and competitiveness in the Nigerian textile industry. The findings indicate that the lack of shared value in the implementation of favourable macroeconomic and infrastructural policies in the country led to loss of market shares and textile manufacturing firms, and employment. This in turn led to the low patronage of locally manufactured fabrics and changes in buyer behaviour. In furtherance of the objective of this research, this chapter is aimed at discussing how collaborative partnership can address some of the challenges identified in chapter five. Collaboration plays an important role in handling economic, social and environmental issues for businesses and can play a key role in addressing issues of trade and related policies facing SMEs' in the Nigerian textile industry. Kanter (1999) notes that partnerships between business and society is becoming a very important necessity for firms today due to increased competition faced by businesses in the global business environment. Businesses are now embracing collaborative partnerships with the society where they operate such as non-profit organisations, the government, and other key stakeholders.

Numerous studies such as; Smirnova et al (2011) and Ehret et al (2013) has highlighted the importance of collaboration in a business environment. Among these studies, only a few such as; Franco (2003); Eyaa et al (2010); and Hoof and Thiell (2014), have focused on the importance of collaboration among SMEs', and none on those operating in developing country's textile industries such as Nigeria, hence the importance of this research question. In order to grasp the importance of collaborative partnership as the basis of addressing some of the challenges faced by SMEs' in the Nigerian textile industry, this study identifies and discusses areas of collaborative partnership in SMEs' inter-organisational relationship with key stakeholders in the industry under the following themes: co-creation of value, innovation and knowledge transfer, and collaborative planning.

6.2 Collaborative Areas of Partnership in the Nigerian Textile Industry

Today's business environment is increasingly characterised by global competitive pressures and increase in the level of customers' sophistication and unsophistication. Their quest for value-added products and services are currently forcing firms to increase their ability to interact collaboratively in a bid to sustain performance and competitiveness and adapt to the changing business environment (Smirnova et al., 2011; Ehret et al., 2013). Nakano (2009) asserts that the main source of competitive advantage is through the integration of inter-organisational relationships from multiple perspectives. That is, sustainable competitive advantage is only achievable through stakeholder collaboration by involving them in core business processes of the firm through interaction and the creation of shared values (Rotheroe et al., 2003; Gao and Zhang, 2006; Piercy, 2009; Cosimo et al., 2010; Porter and Kramer, 2011). Stakeholder collaboration can be defined as groups or individuals with similar interest in the activities of an organisation with the ability to influence business objectives where necessary (WWF, 2000; Gao and Zhang, 2006).

There are two categories of stakeholders: primary and secondary. Primary stakeholders consist of business owners, employees, customers, consumers and suppliers (Waddock, 2001; Matuleviciene and Stravinskiene, 2015). Secondary stakeholders consist of government, trade unions, communities, and competitors. Stakeholder collaboration is useful in decision making processes in situations whereby there are limited resources, conflicting interests among individual stakeholders and in evaluating policy frameworks (Waddock, 2001; Matuleviciene and Stravinskiene, 2015). In the discussion that follows, this study examines the areas of collaborative partnership between primary and secondary stakeholders in the Nigerian textile industry under the aforementioned themes; that is, co-creation of value, innovation and knowledge transfer, and collaborative planning.

6.2.1 Co-Creation of Value

In the past, the process of value creation was strictly the duty of firms. They were solely responsible for making important decisions about their brand or products like the design, development of production processes, craft marketing and controlling sales channels without the opinion of their customers (Prahalad and Ramaswamy, 2004a). However, in recent years, there has been a change in the paradigm from transactional oriented to relational oriented marketing between firms' and their customers (Gronroos, 1994). Customers are now viewed as co-producers or co-creators of value because, in service-oriented settings, customers are directly involved in the service encounter. Customers are becoming more relevant by co-creating value with companies through their interactions with communities of professionals, service providers, consumers and other customers and by so doing, the co-creation experience of the customer becomes the very basis of value (Payne et al., 2008). A situation where both parties learn the needs, wants, capabilities and priorities of each other and jointly co-creating value (Vargo and Lusch, 2004). For instance, the Managing Director of Supreme Lace identifies some areas of value co-creation involving the firm and their customers:

"Well they bring us ideas, colours and sometimes they bring design and ask us if we can make it and we change it a little bit so that it doesn't violate any property right. There is a very close relationship existing between us and of course there is a free flow and exchange of information between us and our customers. They are also involved in the decision making process of our product because it's a continuous process throughout the year because we are very close to the market. It's not like a European making laces and carrying to Nigeria, the link is here and I go almost every week to the market myself".

The process of co-creating economic and social value for firms has evolved over the years from offering products and services to offering solutions. Vargo et al (2008) call this the process of doing something for another party, which is the basis of exchange in collaborative value co-creation. Collaboration between firms and their customers has been viewed as part of problem-solving processes whereby value can be co-created through joint dialogical interaction. The process enables partners to contribute and integrate their resources as a means of serving customers effectively and efficiently and improving firms' competitiveness (Prahalad and Ramaswamy, 2004b; Stenroos and Jaakkola, 2010; Terblanche, 2014; Agrawal and Rahman, 2015). Prahalad and Ramaswamy (2004b) validate that quality dialogical interactions between firms and their customers as co-creators of value are the key to unlocking new sources of competitive advantage. The future of this competitive advantage lies in a new approach to value creation, which is based on co-creation of shared value between firms and their customers armed with new connective tools that involves collaboration with a network of key stakeholders in the business environment such as; government, non-profit organisations, consumers, institution, trade unions, suppliers and other customers (Prahalad and Ramaswamy, 2004b; Porter and Kramer, 2011).

A good example to illustrate this point is the case of Electrolux, a leading global brand of household gadgets and appliances. The company's innovative ideas are based on customer and consumer insight, which is designed to meet their needs. For example, the use of the Electrolux Design Lab forum enables the company to generate ideas for new products and services by interacting with stakeholders globally through annual design competitions (Electrolux, 2017). These co-creations are viewed as innovations that give firms a competitive advantage over their competitors in today's global market. However, such innovative capabilities require adequate investments in technology and R&D from firms, because technology plays an important role in harnessing customer resources in co-creation of value (Agrawal and Rahman, 2015). Equally, the Assistant Personnel Manager of ITI notes that their customers indirectly collaborate with the company because:

"They come and tell us this is what is going on in the main market and they see what our competitors are doing, so they are like our spy. For example, they will say this is what Company Z is doing now, this is what this one is doing and this is how they pack their products. They can even buy it and bring it to us and when we see it, we can even improve on that for us to have an edge so indirectly they are part of the decision making process".

It is established that in co-creation, firms provide customers access to resources to co-create value within the company in order to enhance the value of their product offering (Gronroos and Ravald, 2011; Raja and Yazdanifard, 2014). When it comes to co-creation of value, there are two categories of customers. According to Raja and Yazdanifard (2014), the first category of customers' view co-creation as requiring a high amount of personal input or contribution. These customers are generally more difficult to engage in the process of co-creation of value. While the second group of customers' view co-creation as needing less input or contribution. Customers who fall into this category are more willing to engage in co-creation of value. Thus, in order to effectively and efficiently co-create value, it is mandatory that firms identify and understand their customer base. Based on stakeholders' perspectives from the above discussion, it is evident that customers actively involved in co-creation of value with textile manufacturing firms in Nigeria fall into the second category of customers. Managers of these textile firms explained that the results of these collaborations are beneficial to both parties because; customers are getting their ideas at the current price and quality through their colour specification. While the firm benefits from the collaboration through the satisfaction, they derive from meeting customer need and also ideas and information on the latest trends in the market in terms of colours, which is very important in fabric production. For example, the Personnel Manager ITI opined that they also collaborate with their customers in different ways:

"We usually have a customer's forum. Whereby they may be interested in the purchase of some of our products, we address their issues and they give us feedback regarding buying cost, product quantity (which they rationalise when the quantity is not enough). For example, people who felt cheated or not adequately rewarded come here to complain and we look into it. We normally go to the market to see them; to know how well they are doing. We went to Ibadan this year, myself the General Manager (GM) and about two other staffs, this is apart from the marketing department that do theirs on a daily basis. At times the GM, the PMs' and other people do go to Ibadan and hear from them, to know happenings around the market. They give us lots of information and the main problem is China products".

Ulaga and Eggert (2006) explain that customers normally have a number of suppliers who produce the same products, hence manufacturers are faced with the challenge of creating superior value through product differentiation and quality than their competitors. Providing customers with an adequate solution to their challenges is determined by the level of competence and relationships with the collaborating firm, which will design a platform aimed at enabling customers co-create value. Lindgreen et al (2012) suggest that the success of a collaborative network involves a higher level of openness between partners, information sharing, mutual trust and confidence among collaborative partners. Lewin and Johnston (1997) cite that collaboration in inter-organisational relationship is an important part of business success. That is, collaboration in buyer-seller relationship enable businesses to have a better knowledge of their customers, identify customer needs, improve customer satisfaction and loyalty and co-create value that is beneficial to both parties, the economy and the society at large (Day, 2000).

6.2.2 Innovation and Knowledge Transfer

Firms who successfully create superior value, alongside improved technological performance and organisational skills, bring more innovation to the market (Al-alak and Tarabieh, 2011). Collaborative business relationships are becoming increasingly vital for firms who aim to gain and sustain their competitiveness, especially in innovative areas. It is essential for SMEs' who lack tangible resources such as financial and human-capital resources, hence the dependence on intangible resources that are accessed, and employed from external collaborative business relationships (Nordman and Tolstoy, 2016). Innovative collaboration is the extent to which SMEs' view their inter-organisational relationships to jointly solve a common problem and engage in innovative knowledge development leading to innovative business ideas and solutions. Innovation often occurs in collaborative business relationships where partners jointly participate in problem solving and creativity. It is viewed as an essential part of competitiveness. Consequently, information sharing and knowledge transmission as a source of utmost innovation determine the capacity that a firm must possess in order to adopt necessary innovations in time to reach competitive advantage in the market (Simao et al., 2016). This study identified the absence of on-going collaboration in the areas of innovation and knowledge transfer between educational institutions and the Nigerian textile industry. For instance, the Personnel Manager of ITI narrates:

"In the past when things were going smoothly in the industry, there was a collaborative relationship existing between our firm and the Yaba College of Technology because the college had a department of polymers and textile but since the challenges in the textile industry, many students do not want to study textile and polymer again and that has affected our relationship".

Numerous studies have identified the lack of technological know-how as one of the major hindrances to SMEs' development (Swierczek and Ha, 2007). The role of educational institutions in innovation and technology and knowledge generation in enhancing R&D for businesses has been highlighted by most researchers in business and management. Guimon (2013) cites that educational institutions have experienced a change in their strategic mission since 1990 from just teaching and research to addressing the needs of the industry by contributing directly to economic and social development and growth. The collaboration that exists between educational institutions and businesses consist of knowledge creation and transfer for economic and social good. Gao et al (2014) note that such collaboration enables businesses to acquire both scientific and technological knowledge from their partnership with educational institutions through information sharing, education and training, skills transfers through the quality of students they provide and collaboration in areas such as R&D. In other words, the collaboration between educational institutions and firms leads to the creation of superior value for economic and social development and in the development of quality products. Cunningham and Gok (2012) argue that educational institutions and industry collaboration is not only about knowledge exchange rather it also involves areas such as employment and skills. A Senior Lecturer at the Department of Textiles Yaba College of Technology, Lagos State noted that:

"In the past our institution was in collaboration and partnership with firms such as Nichemtex, Enpee, Aba textiles and Asaba textiles operating in the textile industry. We provided them with the right skills support through our students. But today, such form of collaboration no longer exist between the institution and the textile industry due to the challenges facing the industry and this has impacted on the institutions enrolment because students are no longer interested in studying textiles because there are no job opportunities out there for them and the few who do graduate from textiles are self-reliant because these textile firms are folding up and relocating to countries like Ghana who have favourable policies and constant electricity".

Studies show that collaborative partnership between industry and academia plays a vital role in the competitive advantage of highly industrialised countries in the world (Bramwell and Wolfe, 2008; Obanor and Kwasi-Effah, 2013). However, in developing countries like Nigeria, Creso (2014) observed that little is known about industry and academia relationship, this is because empirical studies on educational institutions-industry relationship have focused mainly on technologically developed countries. The huge gap between domestic industries and academia can be linked to lack of shared understanding and collaboration between these key stakeholders and the government. Bogoro (2015) adds that the gap in collaborative partnership between these key stakeholders can be ascribed to: (1) poor research infrastructure, which leads to shortage of innovative research for economic value; (2) the nature and structure of domestic firms, most of which tend to be infant firms of parent companies located in other countries. Technological innovation and human capital of these firms are provided through their foreign parent company and hence they have no reason to engage in collaborative partnerships with domestic institutions; and (3) educational institutions and industry collaboration require sophisticated research and innovation; but institutions especially in Africa lack the resources and capabilities to actively engage in such collaborative partnership with firms. Furthermore, the Head of Department Fine & Applied Art Yaba Federal Polytechnic Lagos mentions:

"In the past some of these textile firms visited our institution to source students for industrial attachment in all sections of their firm and they also come to the institution to source for designs, but today nothing of the sort exists because they now have expatriates that are highly skilled workers who can make these designs quicker and better with computers".

Guimon (2013) suggests that for there to be a successful collaboration between educational institutions and the firm, both partners requires an agreeable mission and motivation that will enhance their collaborative efforts. Meaning, educational institutions on their part requires improvement in the standard of teaching and learning, adequate funding, information sharing and access to empirical data from the industry and reputation enhancement in order to effectively collaborate with the industry. While the firms' require access to equipment and facilities of educational institutions, access to public funding and incentives, access to complementary technological knowledge, training for existing and future employees, access to skilled workers, influence on the outcome of teaching and research in educational institutions and to reduce risk by sharing the cost of R&D. In developing countries, educational institutions lack adequate financial and human resources to produce R&D, which can be used for economic and social development through collaboration with the industry. In addition, firms in developing countries are faced with issues such as poor technological innovation, knowledge and skills acquisition from educational institutions. Furthermore, the Head of Department Fine & Applied Art Yaba Federal Polytechnic Lagos reports that another factor hindering institutions from collaboration is the issue of curriculum contents:

"There is no partnership between the curriculum content and the industry because the institution just produces students for producing sake and for graduation sake. The graduates that are being produced cannot fit into the industry due to lack of facilities. We do not have the technological knowhow to fit into the industrial request of the industry due to poor funding of technical vocational education because the world today is more technologically inclined and without technology, there is little or nothing that can be done by the institution because they cannot continue producing manually".

There is a growing need for quality development in curriculum content that meets both global economic demands and satisfies societal needs (Tessema and Abejehu, 2017). Joseph (2016) identifies a gap between employers' demand and graduate skills set. For instance, a study conducted by Adeyemi and Uko-Aviomoh (2004) found that manufacturers attributed the poor quality of graduates produced in Nigeria to the quantity and quality of academic staffs, learning resources and funding limitation. It is recommended that curriculum contents should be closely aligned with skills and competencies suitable for employment (Tessema and Abejehu, 2017). However, this cannot be achieved without adequate and sustainable human and infrastructural resources such as; improvement in staff quality which is critical in the improvement of graduate skill sets that meets the needs of the industry and investment in other infrastructural amenities like electricity and telecommunications (Chiemeke et al., 2009; Oyelaran-Oyeyinka and Adebowale, 2012). To achieve this, Tessema and Abejehu (2017) noted that it requires the combined efforts of educators, government, businesses and other stakeholders in the form of collaborative partnerships. Guimon (2013) affirms that educational institutions-industry collaboration is essential in skills development and generation, acquisition and knowledge transfer and promotion of entrepreneurship that meet the needs of the global business environment in the 21st century. This will enable students to acquire and develop the knowledge, skills and values, and associated capabilities and competencies that leads to socioeconomic good (Stabback, 2016; Tessema and Abejehu, 2017). Equally, the Head of Department Fine & Applied Art Yaba Federal Polytechnic Lagos submits:

"There is a wide gap between the industry and the institution because for our students to fit into the industry, the lecturers and the students require more training because what we teach the students are called "solo effort". That is, the curriculum content has to be improved to meet the demands of the industry and there needs to be policies in place from the government to support this and it should be well implemented. There needs to be adequate funding from the government in place through the management of the institution, the lecturers also need to be properly trained in terms of workshops, service training and seminars and to also meet up with the technological demands in order to be well equipped in teaching their students and preparing them for the textile industry".

Government policies play a vital role in educational institutions and industrial collaboration through the provision of funds, support services to both firms and educational institutions, by creating platforms for networking and raising awareness on the importance and benefits of partnership and collaboration in economic and societal development. Wilson (2012) opined that the aim of policy framework is to enhance good practice in educational institutions and industry collaboration through strategies such as change inspired by good management, improving firm performance through direct or indirect funding and implementation of regulatory requirements. Due to the challenges faced by developing countries such as Nigeria in terms of budgets and competition, it is important for the government to implement policies that will enhance partnership and collaboration between educational institutions and firms such as the implementation of R&D grants, tax incentives and innovation vouchers (OECD, 2010; Zuniga, 2011; Guimon, 2013). Guimon (2013) notes that successful collaboration between educational institutions and the industry depends solely on the strength of the country's technological innovations, policies, and willingness to collaborate. However, the government on their part can implement favourable policies that will be beneficial to both economic and social development through collaboration with stakeholders. A senior lecturer at the Department of Textiles Yaba College of Technology Lagos States added:

"The only collaborative link currently existing between our institution and the textile industry has to do with marketers of textile fabrics. We produce textile designs for these domestic marketers and also for some Chinese marketers, based on their request and when these designs are completed the marketers send them to China for printing and for mass production which is later packaged and sent back to Nigeria to sell as foreign imported".

Collaborative partnership in educational institutions-industry relationship is very important to firms because they require quality product development to remain competitive and knowledge acquisition. However, it is evident that the level of economic development is a major determinant of innovative capabilities in educational institutions -industry collaboration. Due to limited access to latest technologies in the Nigerian textile industry, product and design innovations by some higher institutions are being spread gradually and differently across to domestic marketers, foreign marketers and product imitators across countries. This is due to the fact that these countries differ in their levels of economic development and technology. Gurbiel (2002) explains that production processes tend to be moved from country innovator to foreign countries for mass production because: (1) domestic manufacturers lack technological capabilities and thus cannot meet market demands; (2) production processes are moved because marketers are in search of cheaper production factors and to ensure better service from foreign markets; and (3) foreign marketers and imitators tend to internalise their possessed technologies.

6.2.3 Collaborative Planning

Collaborative planning is a series of business processes whereby collaborative business partners exchange information, synchronised forecast, risks, costs and benefits with the aim of improving the overall business performance through joint planning and decision making (Thome et al., 2014; Hollman et al., 2015). These processes are formed based on the agreement between business partners (such as firms, customers, and other stakeholders) to collaborate on strategies and implementation, thereby tackling various uncertainties that may arise through improved communications, trust and collaboration (Attaran and Attaran, 2007; Derrouiche et al., 2008). Collaborative planning also creates superior value for the society whilst improving the firm's business performance by providing consistent information and plans that allow the efficient flow of goods and services based on demands (Hollman et al., 2015). It also integrates core business activities that are internal and external to the firm's operations (Chen et al., 2007). This study identified some areas of collaborative planning between government, international organisations, and practitioners in the Nigerian textile industry such as trade unions and textile manufacturers. Stakeholders noted that the only ongoing collaboration involving trade unions, the government and textile manufacturers takes place at the Manufacturers Association of Nigeria (MAN) office. They noted that meetings are held between representatives from the industry, the government and other trade unions, regarding the challenges faced by manufacturers in the country's textile industry and how it can be resolved. One of such meetings led to the BoI loan made available in the textile industry. For example, the Director of Industry, Lagos State Ministry of Commerce and Industry narrates that:

"Currently there is no direct collaboration between the ministry and textile manufacturers. However, the only ongoing collaboration is with MAN, which is an umbrella body for all the industries. The ministry has a cooperate assembly which is a forum where the governor meets businesses in Lagos State and it is tagged "BRT Meets Business" and it is held thrice yearly. The forum brings stakeholders in the industry together to discuss their challenges while the government provides a solution to these issues, which is then addressed during the yearly meeting of the National Council on Trade Investment and Industry with the minister in Abuja".

Business-government partnership is becoming a global phenomenon as it enables them to discuss and negotiate policies and regulatory related issues and co-create shared value. Wong et al (2014) study on 146 business-government relationships, found out that partnership between these stakeholders promotes cooperation and collaboration in addressing business conflicts and competitive threats, which in turn boost industrial development and competitiveness.Thus, collaboration between the government and the industry is vital to sustainable competitive advantage. Hence, business-government collaboration is critical in shared value creation, especially in developing countries like Nigeria. Active collaboration is necessary for SMEs' operating in the Nigerian textile industry in order to thrive and play their role as drivers of socioeconomic growth and development, as it assists in tackling issues posed by unfavourable policies in their domestic business environment. Through this collaboration, the government can implement appropriate regulatory and economic frameworks and create a conducive business environment for SMEs' to flourish. While SMEs' can support and advocate for reforms that can enhance competitiveness at the national level, and lend their support to initiatives that facilitate trade beyond national borders (Guimon, 2013).

In discussing the role of the government in supporting the Nigerian textile industry, the Deputy Superintendent of Customs/Public Relations Officer, Nigerian Customs Federal Operations Units Zone A Ikeja, Lagos, converse that the Nigerian Customs Service is charged with the responsibilities of suppressing smuggling and facilitating legitimate trade, revenue collection by enforcing government fiscal policies and ensuring that goods mentioned under the prohibition list of Schedule3 of the Common External Tariff are not imported into the country. Aside from that, the Deputy Superintendent certifies that:

"As part of the 6 point agenda of the Comptroller General which is collaboration, the Nigerian Customs Service has been in series of partnership and collaboration with key informants who are members of the public from neighbouring countries like the Republic of Benin and stakeholders in the textile industry and from other sectors. We regularly hold meetings in Ikeja to review the performance of customs and to highlight areas in which the customs service needs to improve their statutory role in assisting the manufacturing sector in the country".

There is an increasing need for customs administrations and businesses to engage in collaborative partnership with other stakeholders in order to effectively implement programs, regulations and policies in response to the ever-changing global business environment. In order to achieve this, WCO (2015) submits that customs must understand business needs and learn how to adequately respond to them; while businesses need to know the requirements of Customs. To ensure successful collaborative outcomes, efficient communication, trust and dialogical interactions between these stakeholders is essential (Mikuriya, 2012; WCO, 2015). If customs administrations and businesses collaborate on the development of policies and procedures to resolve their challenges together, they can be implemented with greater ease leading to greater voluntary compliance that result in mutually beneficial outcomes (Mikuriya, 2012; WCO, 2015). Furthermore, the Managing Director of Supreme Lace identifies other areas of collaboration that formerly existed between the industry and government in the textile industry:

“The former minister of trade Aganga invited McKinsey to conduct a study of Nigerian industries from which some key industries will be selected and promoted in order to become Africa’s first and second biggest producers in the world. The textile industry was one of the selected industries alongside cement and rice farming, which is doing exceedingly well, but textiles are yet to yield any positive result apart from the extension in BoI loan repayment and the reduction of interest rate from 6 percent to 4 percent”.

Collaborative planning is prone to failure when partners are driven by self-interest and benefits/rewards that each party expects to receive from the partnership (Vlachopoulou and Manthou, 2003). However, collaborative processes are most likely to succeed when the stakeholders involved share common goals and understanding of the task and are fully committed to achieving the supposed objective jointly. It also requires a high-level of mutual trust, openness and shared risk leading to greater productivity and shared value co-creation for socioeconomic development. To further illustrate this point, Buehler (2006) uses the public health sector as a case study, where public health officials and business executives for national security engaged in collaborative planning in order to reduce large-scale public health emergencies in Georgia. This was achieved through the implementation of business models based on defining shared objectives, identify common needs and vulnerabilities, developing carefully defined projects, and evaluating proposed project methods through exercise testing. Similar to what is happening in Georgia, there was the introduction of brand name “Made in Nigeria” by the government and manufacturers in the Nigerian textile industry. According to the Managing Director Supreme Lace:

“Another partnership we had with the government, which yielded no result, was the introduction of brand name “Made in Nigeria” on every textile material produced in the country as a means of promoting and increasing patronage of locally manufactured textiles. The outcome of which was disastrous as customers changed the packaging and labels of these locally manufactured textiles to “Swiss Made” in order to sell it in the market as Swiss imported because Nigerians generally are of the opinion that anything imported from overseas is far better than the ones made in Nigeria”.

“Made in Nigeria” products are goods manufactured in Nigeria by domestic manufacturers using mainly locally sourced materials (Njoku, 2004). The concept of “Made in Nigeria” dates back to the 1960s when domestic entrepreneurs in the South-Eastern region of the country (Aba, Abia State to be precise) were specialised in the production of inferior and substandard goods when compared with imported ones. Thus, Nigerians tagged these products as “Made in Aba” or “Aba Made”. This continued until the 1970s, when the indigenisation/enterprises promotion decree of 1972 was passed. This decree changed the ownership structure of Nigeria’s private sector; it placed Nigerians at the helm of affairs of multinational companies (Njoku, 2004; Ogechukwu et al., 2013; Atuegbu, 2016). These firms were producing goods that cannot be compared to that of their parent companies in terms of quality. To easily differentiate between these products, customers referred to all products manufactured and assembled in Nigeria as “Made in Nigeria”. However, the Objective of “Made in Nigeria” brand name by the Federal Government was to create a sense of awareness for locally manufactured goods in order to encourage domestic patronage and boost competitiveness like those imported into the country. The evidence suggests that the introduction of brand name “Made in Nigeria” failed in the country’s textile industry because there was no collaborative planning between the government and manufacturers to erase the negative perception about “Made in Nigeria” products and to encourage them to like locally manufactured goods. They also failed to create awareness on the economic importance and benefits of buying “Made in Nigeria” products. The perception that “Made in Nigeria” products are inferior to foreign made products has hampered the productivity and competitiveness of domestic manufacturers as discussed in chapter five.

According to Oyeniyi (2009), the concept of country of origin (COO) highlights consumers’ attitude and perception of foreign products. Tran and Fabrize (2013) suggest that these attitudes and perceptions are motivated by two factors: Firstly, buyers’ impression of the product attributes such as the product quality, purchase value, technological advancement and level of sophistication, which is inspired by social status or class and brand credibility from the country of origin. Secondly, buyers' knowledge of the country of origin in terms of economic and social development. A number of studies in this field identified that buyers are biased towards goods from developed countries. That is, buyers hold products from developed countries in high esteem in terms of their product quality and their level of economic and social development than those from newly industrialised countries, which are viewed as inferior. Furthermore, products from developing countries such as Nigeria are viewed negatively (Okechukwu and Onyemah, 1999; Oyeniyi, 2009). A good example of such scenario in developing countries is the Nigerian textile industry where most buyers place more value on imported textiles than those locally manufactured in the country.

Another area of collaborative planning between the government and stakeholders in the Nigerian manufacturing sector led to the introduction of Nigeria Industrial Revolution Plan (NIRP). In 2014, the NIRP was introduced, aimed at setting the stage for a new era of industrial, Micro, Small and Medium Enterprises development in Nigeria with the aim of adding about ₦5trillion ($25,027,500,000) to the annual manufacturing revenues, generate jobs, wealth, diversify the economy, substitute imports, boost exports and broaden the country's tax base. In addition, it focuses on increasing the contribution of the manufacturing sector to the country's GDP from 4 percent as of 2014 to 6 percent by 2015 and finally above 10 percent by 2017 (NIRP, 2014). To achieve the aim of the NIRP, a study was conducted on industries such as textiles in Nigeria to identify their strengths, weaknesses, opportunity, and threats in the country in order to develop each sector where there is comparative advantage and also to enhance the competitiveness of each industry. The outcome of NIRP on textiles led to a policy framework aimed at stimulating the country's textile industry known as the "National Cotton, Textile and Garment Policy" by the Federal Ministry of Industry, Trade and Investment (MITI) for economic and social development of the industry and in the country at large. The policy framework was implemented in January 2015 and later reviewed in August 2015.

The National Cotton, Textile and Garment Policy (2015) is aimed at repositioning the Cotton, Textile and Garment (CTG) subsector in regaining their share of the market as the second highest employer of labour after the government by: (1) Improving the capacity of production; (2) enhance marketing and competitiveness across the entire value chain; (3) improve the competitiveness of CTG firms in Nigeria by bench-marking against regional and international best practices and enhancing the upgrading and modernisation of equipment; (4) control the influx of used clothing, sub-standard and counterfeit Textile and Garment into Nigeria; (5) improve the quality and quantity of CTG products; and (6) Increase the spinning and milling capacities in the country and focus on increasing downstream linkages with the CTG sub-sector for ancillary products such as threads, garment accessories among others. The policy also aimed at addressing issues affecting the industry such as the investment climate, access to finance, skills, innovation, infrastructure and fiscal policies, and challenges faced in domestic, regional and international market.

Furthermore, in the past, the Nigerian government in conjunction with textile practitioners partnered with UNIDO and Gherzi Textil Organisation (a Swiss-based leading consultancy specialised in building productive capacities in the textile and clothing value chain) in conducting an extensive research on the way forward for the Nigerian textile industry. Documents collected during this study show that one of such research was first conducted in the year 2003 and focused on developing a "blue print" for the improvement of the Nigerian textile industry. From the research conducted by UNIDO and Gherzi, they identified some issues faced by the country's textile industry with recommendation of an action plan for the revival. A follow-up study was later conducted in 2009 on the Nigerian textile industry. Findings from the 2009 study identified a number of key issues since the first study of the industry in 2003, details of which can be found in Table 18.

Table 18 Key issues since the first study conducted in 2003

UNIDO/Gherzi Recommendation	Policy Decision by FGN	Outcome	Remarks
Enforce the ban on import of textiles by checking smuggling	Ban on all textiles imposed until 2007	Enforcement of ban is ineffective as smuggling through land borders continues	Even a 25 percent reduction in smuggling would help to activate the existing industry
Address policy Distortions	Addressed through fiscal policy	ECOWAS Common External Tariff (CET) implemented October 2008	Tariff distortions under CET exist and which need to be addressed
Set in stone EEG incentive for 10 years	Government approved sustainability of 40 percent EEG on all textile products and 5 percent EEG on Cotton Lint until 2007	EEG suspended in 2004 and as per revised guidelines reduced the rate to 30 percent (maximum)	Frequent policy changes discourage long term investment and erode investor confidence
Pass AGOA legislation	Passed by legislature	Nigeria received AGOA Visa by the US in 2004 and also Cat 9 Certification for African Prints	AGOA preferences eroded post MFA (2005) and due to decline of Nigeria's textile industry, it was ineffective. Loss of Cotonou Preferences
Create a textile sector re-structuring unit (TSRU)	Various Textile committees Set up however institutional set up lacking	Lack of inter-ministerial coordination and inconsistent policies	Need to set up a dedicated unit comprising key stakeholders under the aegis of Federal Ministry of Commerce & Industry

Adapted from Gherzi (2009)

Furthermore, their study indicates that the number of textile mills in Lagos State, Nigeria reduced drastically from 33 textile mills as at 2002 to 14 firms in 2009. While the findings from this study conducted in 2015 suggest that there has been a further reduction in the number of textile mills in Lagos State from 14 firms in 2009 to 10 firms in 2015 and of the 10 firms, only 3 are formerly registered SMEs' currently into manufacturing of textile fabrics in the state. In addition, Gherzi suggests that the employment rate decreased from 137,000 in 1996 to 24,000 in 2008. That is, the Nigerian textile industry has incurred 113,000 job losses between 1996 and 2008. The evidence seems to indicate that there exists some form of collaboration among stakeholders in the Nigerian textile industry, but these collaborative efforts have yielded little or no result due to lack of collaborative planning, shared understanding and value. However, some stakeholders noted that collaborative efforts in the Nigerian textile industry are being sabotaged by self-interest and expected individual benefits from the collaborative outcomes. For instance, the Head Industrial/International Relations, Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI) explain:

"Apart from the government not getting us involved in decision-making processes that has to do with the industry. Another issue facing the industry today is that of greed. For example, most members of the union are more concerned with self-interest such as money and some of which are political appointees from the government to do their bidding. If the union is united and puts the interest of the industry first above money and other materialistic things, then there might be a way forward but currently there is no hope for the textile industry".

Collaborative partnerships can only yield positive outcomes when individual stakeholders are united and committed to working jointly in achieving common goals. When parties involved in the collaborative relationship have different perceptions, understanding, and requirements for collaborative outcomes, it is impossible to achieve the collaborative purpose. If SMEs' are to attain long-term sustainable competitive advantage, they must engage in collaborative partnership with key stakeholders in their various industries through mutual trust, commitment, communication and shared understanding of the phenomenon in order to efficiently co-create shared value (Kornfeld and Kara, 2015). Hence, this study proposes the creation of shared value through collaborative partnership among key stakeholders as a way of addressing the issues faced by the Nigerian textile industry.

6.3 Summary of the Chapter

This chapter has extensively discussed the areas of partnership and collaboration between SMEs' and key inter-organisational stakeholders in the Nigerian textile industry. Firstly, this study identified some elements of value co-creation between SMEs' and their customers in areas of information sharing and to some extent customers' involvement in the decision-making processes of these firms in relation to product development. Secondly, the study identified the previous existence of collaboration between educational institutions and the industry in areas of innovation and knowledge transfer. Absence of current collaboration in this area between these key stakeholders is linked to a number of factors: the lack of sustainable competitive advantage in the Nigerian textile industry hindered SMEs' collaborative abilities with educational institutions in the country. Also, the gap between curriculum content and the industry made it impossible for educational institutions to adequately support the industry with the right skill set and innovative capabilities. The findings also demonstrate that the government is to blame for the lack of educational institutions-industry collaboration, given that the government failed to provide a conducive environment for SMEs' to thrive and failed to implement policies aimed at supporting curriculum contents and the provision of funds to enhance technological innovation and management of educational institutions. Finally, the study also identified areas of collaborative planning and outcomes between the government and practitioners in the Nigerian textile industry. However, these collaborative outcomes have yielded little or no result due to the lack of shared understanding and values among stakeholders in the industry.

CHAPTER SEVEN: CONCLUSIONS AND RECCOMENDATIONS

7.1 Chapter Overview

Having discussed the main findings of this study in the three preceding chapters, this chapter discusses the study's contribution to existing literature. Section 7.2 begins with a reflection on how this study unfolded with a summary of the first three chapters. It also highlights how the three research questions helped in achieving the research objective of this study. Section 7.3 discusses the theoretical and practical contributions of this study. It builds on the importance and benefits of CSV in inter-organisational relationship from multiple perspectives. To conclude, sections 7.4 discusses the limitations of the study and areas for further research.

7.2 Reflections on how the Study Unfolded

In brief, Chapter One presented the background of the thesis. It explained the role of liberal policies and the changes it made in the international trading system of goods and services between countries, and how these changes led to constraints in SMEs' inter-organisational relationships of developing countries such as Nigeria. A brief overview of economic reforms aimed at enhancing socioeconomic development in Nigeria since independence was discussed, highlighting a significant gap in economic policies aimed at boosting the country's SME sector. Despite the efforts made by successive governments to boost SMEs' in recent years, they have performed below expectations due to socioeconomic issues associated with trade openness. The chapter also emphasised the importance of SMEs' co-creating value from multiple perspectives in order to attain sustainable competitive advantage in today's business environment and adapt to external pressures. The research rationale was also discussed. It identified limitations in empirical research on the impact of trade policies on SMEs' inter-organisational relationships from a developing country perspective, especially in Nigeria, the issues they face as a result of these policies and strategies for overcoming them. It also highlighted a gap in the literature on how firms can simultaneously co-create value from multiple perspectives in business literature. This led to the overarching objective of this study, which examined the impact of trade policies on inter-organisational relationships between SMEs' fabric manufacturers and key stakeholders in the Nigerian textile industry. To achieve the purpose of this study, the overarching objective was therefore broken into questions based around: the constituents of SMEs' in the Nigerian textile industry and trade policy issues; the impact of these policy issues on SMEs' productivity and competitiveness in the industry; and collaborative areas of partnership between SMEs' and its key inter-organisational stakeholders in the Nigerian textile industry.

Chapter Two presented an in-depth review of both past and current literatures that formed the foundation for this study; it addressed key issues underlying the proposed research objective and questions. The chapter commenced with a background review of the global textile industry, illustrating the very diverse and heterogeneous nature of the industry and changes in international trade policies governing the global textile industry over the years. An overview of the Nigerian textile industry was presented. It examined the background of the Nigerian textile industry from pre-colonial to colonial and then to post-colonial era. It also highlighted the role and function of the industry in the Nigerian economy. It further examined major trade policies that have governed the industry over the years. Nigeria's trade agreement after the phase-out of the Multi-Fibre Arrangement (MFA) is also discussed alongside the trade barriers and related issues impacting on SMEs' sustainable competitive advantage. It was noted that the Nigerian textile industry was initially governed by ISI, which was a protectionist policy adopted by developing countries as part of a developmental agenda aimed at protecting domestic industries from foreign competition through trade barriers; to promote efficient utilisation of local raw materials and the patronage of locally manufactured goods.

The policy was later overtaken by SAP under the World Bank and IMF due to mismanagement and accumulated debt that led to the neglect of major industries such as textiles in the country. It was noted that part of the objective of SAP in Nigeria was to liberalise trade and this marked the beginning of some of the key issues faced by SMEs' in the textile industry as it paved the way for intense competition for domestic fabric manufacturers. This policy later gave way to the WTO policy, which was in furtherance of the same objective as SAP. As a result, both policies led to changes in buyer behaviour and increase in customer sophistication and subsequently leading to the demise of many firms operating in the Nigerian textile industry. In order to grasp the importance of inter-organisational relationships in today's global business environment and their role in long-term sustainable competitive advantage of firms, the concept of business relationships, relationship marketing, and value co-creation was explored. A number of relevant frameworks for understanding the nature of relationships, such as social exchange theory/relational exchange theory and the interaction/network approach were examined and critiqued, especially in relation to their suitability in grounding this study. This led to the literature review on creating shared value, which was adopted as the theoretical framework of this research giving its alignment with the research objective and questions of this study. It also embodies the principles of relationship marketing and value co-creation from multi-stakeholders' perspectives through collaborative partnerships.

The methodology employed in this study is presented in Chapter Three. It is founded on the notion that in order to get a deeper understanding of the impact of trade policies on SMEs' business relationships in the Nigerian textile industry; the researcher and participants had to be co-creators of the research findings. This means that the social phenomenon under investigation has to be studied from different stakeholders' perspectives. It involved interacting with a diverse range of stakeholders in the Nigerian textile industry and a consensus sort from within the different perspective being offered. Case study research strategy was adopted because of its usefulness in studying contemporary phenomenon within its real-life context from multiple perspectives, as is the case of this research, where no case study has been done on the impact of trade policies on SMEs' business relationship from a developing country's perspective. To answer the research questions, a research design was drawn to aid the data collection using semi-structured in-depth interviews and the collection of secondary data. As part of the work here, a pilot study was conducted prior to the main fieldwork, in order to test the instruments of this research. Findings from the preliminary study were used to restructure the research question and research design for the main field study, which informed the case selection.

Analysis of data in this study began with the transcription of interview findings; data were later coded and classified into meaningful themes and categories using Microsoft Word and a thematic analytical approach. Explanation building technique was used in the analysis of data to enhance data validity. This was achieved using different sources of information from the pilot study and main study, which was made up of primary and secondary data; yielding meaningful insight into answering the three research questions aimed at achieving the overall objective of this study.

7.2.1 Research Question One: Constitution of SMEs' and Issues of Trade Policies in the Nigerian Textile Industry

This thesis makes significant contributions to understanding the complexity surrounding the constitution of SMEs' in the textile industry and the specific issues they face in Nigeria. The findings indicate that the conception of SMEs' varies from one governmental organisation to another. This is in accordance with Storey (1994) who reports that there is no single, standard definition of SMEs' because they differ in their levels of capitalisation, sales, and employment. In order to achieve the research objective of this study: Firstly, attention was paid to how different stakeholders define SMEs'. The findings show that stakeholders consistently employ same broad criteria for defining SMEs' but tended to use different basis for how these criteria are applied in practice. Secondly, the discussion also looked at what constitutes the Nigerian textile industry and the findings here established that the industry currently consists of manufacturers from other industries brought together to share similar sources of competitive advantage. The analysis of both points informed the discussion on what constitutes SMEs' in the Nigerian textile industry. It is evident from the findings that the government does not have a textile specific definition for SMEs'. Also, there is a contradiction among other key stakeholders in the industry on what constitutes SMEs' in textiles, some even argue that SMEs' do not have the financial capacity to operate in this highly capital intensive industry, while others stress that there are no SMEs' in the textile industry.

Using the new found knowledge of what constitutes SMEs' in Nigeria and the textile industry, the following contribution was made to the existing body of literature: SMEs' were defined based on the stakeholders' perspectives and findings in this study ranging from the lowest to the highest criteria: asset and numbers of employees. SMEs' were defined as enterprises that fall into the broad category as: enterprises with an asset base between ₦840,000 ($4,204.63) and ₦1,000,000,000 ($5,005,510), excluding land and working capital, with total workforce not less than 10 and not exceeding 300. This definition brings about a shared consensus for SMEs' regardless of the agencies or organisations they approach for recognition and/or support in Nigeria.

The empirical research also argued that apart from the complexity in SMEs' definition in the Nigerian textile industry, their competitiveness is being constrained by trade policies. At its peak, the industry was recorded as the third largest in Africa, absorbing millions of skilled and unskilled workers, contributing immensely to the GDP of the country, and was an important source of revenue to the government. This study identified a number of trade policies that have impacted on the industry such as; ISI, SAP and WTO. However, more emphasis was placed on the negative impact of WTO on the competitiveness of the industry. This study was able to demonstrate that the WTO policy on liberalised markets is not to blame; rather, attention is shifted to the absence of a supportive policy framework to accompany the implementation of the policy. The absence of efficient related policies such as; macroeconomic policies, trade-related infrastructure and institutional policies led to an influx of textiles and high production cost; resulting in the actual downfall of the Nigerian textile industry. Thus, by identifying the major issues in the Nigerian textile industry, this thesis has been able to make a significant contribution in achieving part of the research objective.

7.2.2 Research Question Two: Impact of Trade Related Policies on SMEs' Productivity and Competitiveness in the Nigerian Textile Industry

This thesis provided evidence that inconsistent banning and unbanning of textile fabrics, smuggling and high cost of production led to loss of market share and numerous textile manufacturing firms and increased job losses across the country. These losses in turn had an impact on SMEs' productivity and competitiveness, thereby resulting in the low patronage of locally manufactured fabrics and changes in buyer behaviour towards Made in Nigeria Fabrics. The study argued at the beginning of the research that SMEs' productivity, competitiveness and contribution to socioeconomic development are being constrained by international trade policies. It is believed that trade openness (and the lack of related and supportive policies) created an open market for international trade and changes in buyer behaviour leading to the deindustrialisation of many SMEs' operating in developing countries.

This study also found that in the past, patronising domestic fabric manufacturers were profitable to everyone in the country in terms of quality and value for money. However, due to competitive pressures arising from the global business environment, domestic manufacturers are unable to meet the demands of the market in terms of variety and value for money due to the nature of sophistication and unsophistication of Nigerian consumers. It is also evident from the study that in Nigeria, the perception of foreign-made fabrics as one made of superior quality, while those made locally are of lower quality, immensely hampered the competitiveness of the domestic manufacturers. This fact drove most domestic fabric manufacturers into employing exporting as a means of making profit in order to remain relevant and competitive in the market. This evidently supports Ogunnaike's (2010) point that the perception that foreign-made fabrics are more superior in terms of quality to locally manufactured fabrics has led to most manufacturers claiming foreign origin of their fabrics in a bid to remain relevant in the industry.

The findings also show that due to competitive pressure in the Nigerian textile industry and lack of value and variety in domestic production, textile retailers have gradually assumed the position of manufacturers in the country. These retailers engage in outsourcing of fabrics and employing importation as a strategy from countries like China, India, Dubai, and Korea in order to meet market demands and make extra profits. Based on these findings, the thesis draws on the following conclusion by contributing to an existing body of literature that it is impossible to shield against foreign competition because the world has gone global. Externally, increased competitive pressures have reduced the marketing power of many firms located in developing countries due to their inability to compete favourably as a result of weak internal supportive policies (Mengistae and Teal, 1998; Bigsten et al., 2009). An increasingly important way that firms can sustain their competitive advantage is to have a shared consensus among key stakeholders in identifying the challenges and needs of the industry. They can then collaboratively work together to co-create shared values that are mutually beneficial to the firm and the society, through the implementation of effective and efficient macroeconomic and infrastructural policies and other institutional and regulatory frameworks. This will enable SMEs' in textiles, and the country in general thrive, thus assuming their role as drivers of socioeconomic growth and development by: (1) increasing entrepreneurial base; (2) employment generation for skilled and unskilled workers, thereby reducing unemployment and crime rates to the barest minimum in the country; (3) improved product quality in domestic production in terms of variety and value for money; and (4) increased revenue to the government and contribute to the GDP.

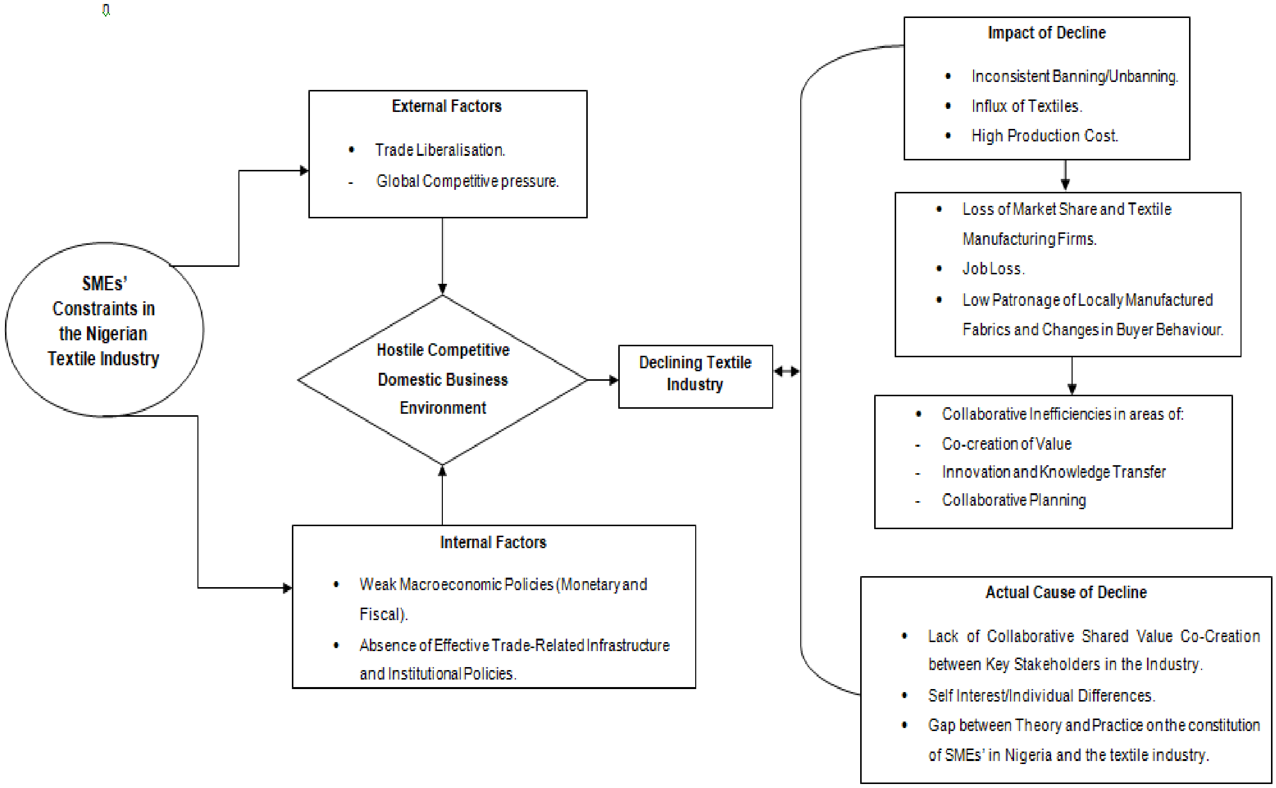
7.2.3 Research Question Three: Collaborative Areas of Partnership between SMEs' and Key Stakeholders in the Nigerian Textile Industry

This study contributes to understanding the importance and benefits of collaboration in inter-organisational relationships and sustainable competitive advantage. Firstly, the study identified some elements of value co-creation between SMEs' and their customers in areas of information sharing and to some extent customers' involvement in the decision-making processes of these firms in relation to product development. However, this study in conjunction with other empirical literature such as Walter et al (2001) and Porter and Kramer (2011), has demonstrated that the dyadic relationship between buyer-seller is not commercially viable to firms' long-term sustainability. The future of competitive advantage lies in a new approach to value creation that is based on co-creation of shared values between firms and their customers armed with new connective tools that involve collaboration with a network of key stakeholders in the business environment (Prahalad and Ramaswamy, 2004b; Porter and Kramer, 2011). Therefore, this study suggests the inclusion of multiple stakeholders in and out of the textile value chain such as; government, non-profit organisations, customers, universities, trade unions and suppliers in co-creating shared value.

Secondly, the study identified collaborative links that previously existed between the industry and educational institutions in areas of innovation and knowledge transfer. Noting that in the past, manufacturers in the Nigerian textile industry relied on educational institutions for designs and skill sets that meet the demands of the industry. However, such forms of collaborative relationships no longer exist due to a number of factors: the lack of sustainable competitive advantage in the Nigerian textile industry hindered SMEs' collaborative abilities with educational institutions in the country. In addition, the gap between curriculum content and the industry made it impossible for educational institutions to adequately support the industry with the right skill sets and innovative capabilities. The findings also demonstrate that the government is also to blame for the lack of educational institutions-industry collaboration, given that the government failed to provide a conducive environment for SMEs' to thrive and failed to implement policies aimed at supporting curriculum contents and the provision of funds to enhance technological innovation and management of educational institutions.

Thirdly, the study identified areas of collaborative planning and outcomes between the government and practitioners in the Nigerian textile industry. The outcome of which led to the introduction of Nigeria Industrial Revolution Plan (NIRP) and a policy framework aimed at stimulating the country's textile industry known as the "National Cotton, Textile and Garment Policy". However, these collaborative outcomes have yielded little or no result due to the lack of shared understanding and value among stakeholders in the industry. In this view, this study draws on the conclusion that in order to co-create shared value and achieve long-lasting positive outcomes in the Nigerian textile industry, stakeholders must first engage in relationship building by setting aside individual differences; thereby establishing mutual trust; commitment; co-operation; effective communication and information sharing before engaging in collaborative planning and execution of set objectives. In conclusion, giving the findings from the research questions, the research objective has been achieved by understanding the impact of trade policies on SMEs' inter-organisational relationships in the Nigerian textile industry. Figure 11 below highlights the key findings of this study.

Figure 11Summaries of Research Findings



The diagram shows that the implementation of trade policies in Nigeria did not take into account the relevance of a shared value perspective. Thus, the absence of efficient, supportive and measurable policies such as; macroeconomic, trade-related infrastructure and institutional policies led to inconsistent banning and unbanning of textile fabrics, influx of textiles and high production cost. This in turn impacted negatively on SMEs' productivity, competitiveness and collaborative abilities in the Nigerian textile industry.

7.3 Contributions to Knowledge

This section highlights the main contribution to knowledge of this study to business literature. The study of business relationships is not a new concept, but what is new is the perspective from which this study was conducted that gives a new dimension to the research on trade policies and inter-organisational relationships. Studying the impact of trade policies on SMEs' business relationships in Nigeria is new, especially from a shared value perspective. In this view, the study makes the following theoretical and practical contributions to the body of knowledge.

7.3.1 Theoretical Contribution to Knowledge

This study makes a number of theoretical contributions to knowledge; Firstly, this study has contributed to frameworks on business relationships through the CSV theoretical framework, which embodies the principles of business relationship marketing, and value co-creation that incorporates multiple stakeholder perspectives in addressing SMEs' sustainability issues and creation of socioeconomic value. Firms' long-term sustainability in today's global business environment depends mainly on how they carry out their businesses in their operating environment in terms of value creation. To achieve this, studies have shown that businesses may have to rely on their business networks and relationships (Ilyas et al., 2006; Pfitzer et al., 2013). It is evident that most studies on business relationships have used frameworks such as social exchange/relational exchange theory and interaction/network approach in understanding the nature of inter-organisational relationships. However, these frameworks focused mainly on the dyadic relationships between buyer-seller and thus failed to yield insights into the developmental process, maintenance and the role of multiple stakeholders in inter-organisational relationships and how firms can overcome issues faced in business markets through their network of relationships (Chetty and Holm, 2000; Lamb et al., 2001; Wulf and

Odekerken-Schroder, 2001). Using SMEs' in the Nigerian textile industry as a case study, this research has therefore demonstrated that there is room to expand the dyadic relationship in the business literature from buyer-seller by incorporating multiple stakeholders' perspectives in and out of the value chain in the creation of shared value.

Secondly, CSV can be used to analyse an entire industry. Despite the competitive pressures in today's business environment and increase in the level of customers' sophistication, firms are still under immense pressure to create social and economic value in their operating environment, but less attention is paid to how the society or environment can help businesses create that social and economic value. In order for businesses to create value, the environment through its stakeholders has a role to play by collaboratively co-creating shared value. Through this, collaborative partners can collectively draw up plans and strategies in addressing competitive pressures faced by firms and enhance long-term sustainable competitive advantage; this can also lead to the implementation of favourable supportive policies. This study has shown that industries as a whole are largely regulated and controlled by government policies. It stresses that in order to respond and adapt to global competitive pressures, a more inclusive change processes need to occur in the policy and regulatory frameworks of the industry. The way in which policies are designed and implemented determines if the outcomes will be beneficial to the economy or not. Hence, key stakeholders have a vital role to play in facilitating shared value co-creation in an industry, especially in areas of policy advocacy, design, and effective implementation. Effective and efficient shared value co-creation can lead to collaborative outcomes that are mutually beneficial to both the firm and society in terms of increased entrepreneurial base, employment generation, efficient utilisation of local resources, increase in market shares and long-term sustainability, increase in GDP, government revenue and patronage of locally manufactured goods.

7.3.2 Practical Contribution to Knowledge

In practice, this study recognises that the first stage of development for the SMEs' sub-sector in Nigeria is to have a single unique National definition of SMEs' that applies to all sectors of the economy and lead to adequate implementation and execution of policies. The study highlighted the lack of shared consensus and understanding among various stakeholders on what constitutes SMEs' in Nigeria. It also demonstrates that there exists a huge gap between theory and practice in terms of rhetoric and what is being practiced in reality. This has immensely contributed to the issues faced by SMEs' sector operating in various industries in the country, especially in the implementation of supportive policies aimed at boosting the productivity and competitiveness of SMEs' as drivers of socioeconomic growth and development. It is evidence-based that policy implementation is a major issue in developing countries. One of the struggles faced by past administrations in Nigeria has always been achieving the required outcomes of policy implementation. There is a perception that Nigeria has often formulated good policies but failed at the point of implementation. Makinde (2005) identifies the gap between policy implementation and reality as a result of: (1) the policy itself; where the gap between rationality and reality can occur when the policy is enforced solely by the government rather than collaboratively from key stakeholders. By this, stakeholders are unable to contribute in the decision-making process of policy formulation and adequate execution. Thus the process of policy formulation is one-sided and bound for failure; (2) the policymakers or the environment in which the policy is being made; the failure of policymakers to take into account of economic, social, political and administrative variables in the process of policy formulation is most likely to suffer from implementation gap. Thus, positive outcomes can only be achieved in the Nigerian textile industry through multi-stakeholders' collaborative partnership. It requires a clear understanding of set objectives by key stakeholders and individual goals or task must be assigned on the basis of competence and outcomes are periodically reviewed (Effiong, 2013).

Secondly, there is the need to involve more key stakeholders in collaborative-shared value co-creation in the Nigerian textile industry. The importance of collaborative inter-organisational relationships, especially in the 21st century cannot be overemphasised. Inter-organisational relationships play a vital role in sustaining firms' competitiveness in today's global business environment. It handles issues relating to resource dependencies, innovation, and reduction of operative cost, profitability and sustainable value creation for the society. Today's business environment is increasingly characterised by global competitive pressures and increase in the level of customers' sophistication. The quest for value-added products and services have mounted pressure on firms who are faced with the fundamental task of attaining a long-term sustainable competitive advantage (Smirnova et al., 2011; Ehret et al., 2013). This study identified elements of inter-organisational relationships between some stakeholders in the Nigerian textile industry. However, the outcome of these inter-organisational relationships has yielded little or no result due to the lack of transparency, shared understanding and value between these stakeholders. Acs et al (2013) explain that in developing countries, social value creation by firms is more demanding because socioeconomic challenges are more visible than in the developed world, hence the need for multiple stakeholders to collaborate. Collaborative processes are most likely to succeed when the stakeholders involved share common goals and understanding of the task and are fully committed to achieving the supposed objective jointly.

When parties involved in the collaborative relationship have different perceptions, understanding, and requirements for collaborative outcomes, it is impossible to achieve the collaborative purpose. It is mandatory that those individual differences are taken into account and sorted before engaging potential partners in any form of collaborative value creation. Therefore, if SMEs' are to pursue change for the sake of long-term sustainable development, they must recognise that solutions will not necessarily arise from the same thought processes and practices that created the current business state (Kornfield and Kara, 2015: 10). Rather, it will arise from collaborative partnership with key stakeholders in the industry through mutual trust, commitment, information sharing and communication and shared understanding of the phenomenon in order to efficiently co-create shared value. Thus, long-term competitive advantage in the Nigerian textile industry can only be achievable through stakeholder collaboration by involving them in core business processes of the firm through interaction and the creation of shared value (Rotheroe et al., 2003; Zhang, 2006; Piercy, 2009, Cosimo et al., 2010; Porter and Kramer, 2011). It is essential that CSV be embedded into SMEs' business strategy in inter-organisational relationships. That way, they can easily engage in collaborative partnerships with key stakeholders in the industry. To achieve long-term sustainable competitive advantage that is mutually beneficial to firms' and the society, collaborative partners such as key stakeholders in and out of the textile value chain must be carefully selected, define the collaborative purpose, set relationship boundaries, simultaneously co-create value and maintain the relationship.

This study further identified that the absence of a coherent inter-organisational relationship between stakeholders led to poor decision-making and weak implementation of regulatory and supportive policies in the Nigerian textile industry. The findings highlighted a number of trade policy that has impacted on the competitiveness of the Nigerian textile industry, amongst these policies, more emphasis was placed on the negative impact of the WTO on the country's textile industry. The research contended from a critical perspective that the WTO policy is not to blame for the issues facing the industry, rather the absence or lack of efficient collaborative partnership between key stakeholders in designing a supportive policy framework to accompany the implementation of the WTO policy on trade liberalisation. The absence of effective and efficient, supportive policies such as; macroeconomic policies, trade-related infrastructural and institutional policies were identified as a major cause of the loss of competitive advantage and the downfall of the Nigerian textile industry. Nations attain socioeconomic success through well-articulated developmental plans or strategies through the implementation of effective and efficient public policies and regulations (Effiong, 2013). Thus, in order to achieve sustainable competitive advantage, key stakeholders require a collective shared understanding in identifying the needs of the industry in areas that require long-term collaborative-shared value co-creation, such as policy implementation and restructuring, capital investment, innovation and technological development amongst numerous others. As such, special attention must be given to the internal environment in order to adequately tackle the challenges from the external business environment with regards to collaborative value co-creation.

7.3.3 Practical Implications

The implications of this study are of immense importance to both SMEs', policy makers and other key stakeholders in the Nigerian textile industry. As emphasised in the interviews, some stakeholders believe that SMEs' does not exist in the Nigerian textile industry. This lack of shared consensus has been identified as one of the issues impacting negatively on SMEs' productivity, competitiveness and collaborative abilities. However, the study argued from a critical perspective that SMEs' exist in the country's textile industry and this was demonstrated by putting SMEs' in a broad span. SMEs' were defined based on the stakeholders' perspectives and findings in this study ranging from the lowest to the highest criteria: asset and numbers of employees. SMEs' were defined as enterprises that fall into the broader category with an asset base between ₦840,000 ($4,204.63) and ₦1,000,000,000 ($5,005,510), excluding land and working capital, with a total workforce not less than 10 and not exceeding 300. This definition could potentially bring about many benefits and a shared consensus for SMEs' and trade unions regardless of the agencies or organisations they approach for financial support or assistance in Nigeria. The negative impact is that it could be difficult to bridge the gap between theory and practice in terms of policy rhetoric and what is being practiced in reality. This shows that there is the need for a shared understanding and enlightenment through relationship building on the constitution and importance of SMEs' among key stakeholders in the Nigerian textile industry. Collaboration between policymakers and other key stakeholders could potentially reduce the gap between theory and practice. That is, public policies could be reviewed and amended to encourage cross-sectoral collaborative shared value co-creation to support and enhance SMEs' growth and development. In addressing the challenges impacting negatively on the productivity and competitiveness of the Nigerian textile industry, policy frameworks can be collaboratively implemented in terms of supportive and measurable macroeconomic, trade-related infrastructure and institutional policies. This is achievable if: (1) the challenges of SMEs' in the Nigerian textile industry are clearly defined; and (2) individual differences and self-interest are set aside and all parties involved are fully committed to collaboratively achieve the set goals.

7.4 Limitations of the Study and Areas for Further Research

This study is limited to investigations in the textile industry. Data used in this study is limited geographically to Lagos State, Nigeria. This implies that further research, which goes beyond the textile industry, and Lagos State may be essential in further examining the issues faced by SMEs' other than those investigated in this study. However, the originality of this study is demonstrated in the fact that it is among the first to explore the impact of trade policies on SMEs' inter-organisational relationships in the textile industry from a shared value perspective in developing countries. This study, therefore identifies four areas for further research.

This study examined the impact of trade policies on SMEs' business relationships from a shared value perspective. Studies on SMEs' business relationships have mainly focused on the dyadic relationship between buyer-sellers. If nations are to attain a certain level of economic growth and development and long-term sustainable competitive advantage in today's competitive business environment, key stakeholders must collectively engage in collaborative partnerships. In this view, further research would be essential to understanding how firms can simultaneously co-create value from multiple perspectives in business literature with the inclusion of other stakeholders such as Government Institutions, Customers, SMEs', NGOs, Research Institutions and Trade Unions.

Building on the research from "creating shared value" perspective through multi-stakeholders' collaborative partnership can be incorporated into the business literature on inter-organisational relationships, to understand the nature and developmental processes in inter-organisational relationships. In addition, from a developing country's perspective, CSV can be used as an analytical tool for the industrial sector given that most developing countries with similar characteristics to Nigeria are likely to suffer the lack of collaboration and shared value. Thus, there is the need to introduce the idea of system's thinking on how firms and key stakeholders can collaboratively co-create shared value as can be seen in developed countries. CSV can therefore be used as a theoretical lens to draw up strategies in addressing global competitive pressures and internal issues in the domestic business environment.

Existing literature suggests that international trade policy impacted negatively on SMEs' competitiveness. Findings from this study proved that the issues associated with SMEs' loss of competitive advantage are linked to the absence of measurable developmental strategies and supportive policies to accompany the implementation of international trade policy on trade liberalisation. In this regard, further research can be conducted to understand how collaborative partners can efficiently co-create shared value in these areas. In addition, the data used in this study focused mainly on SMEs' inter-organisational relationship. This means that there is a scope for incorporating large enterprise perspective. This could possibly yield new insights into trade policy issues, the impact on inter-organisational relationships and areas of collaborative partnerships.

The study highlighted the lack of shared consensus among key stakeholders on what constitutes SMEs' in Nigeria and in the textile industry. These contradictions shared light into the existing gap between theory and practice in terms of policy rhetoric as SMEs' classification and what is being practiced in reality. Therefore, there are opportunities for further research given that the 'design reality gap' in terms of SME classification. This may not be a Nigeria specific problem as it is a common phenomenon in most developing countries. It is essential to investigate further, how the gap between theory and practice can be bridged.

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Appendices

Appendix 1: Research Cover Letter

University of Bolton

12 July 2015

To whom it may concern

Toritseju Rita Pessu (student number 1304931) is a PhD student at the Business School, University of Bolton. She is on field work collecting data for her doctoral research on Trade Barriers and SMEs in Nigeria's Textile and Clothing Industry.

We will appreciate any assistance you can offer in aid of this endeavour and do not hesitate to contact me if you require any further clarification.

Kind regards

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INVESTORS IN PEOPLE

Appendix 2: In-depth Interviews' Guide Questions

What is the role and function of your department/ministry/business/union or background of firm?

Briefly give a background of the Nigerian textile industry (Ask about the key stakeholders in the industry).

What constitutes an SME in the Nigerian textile industry? (Ask SMEs their number of employees, annual revenue and other questions about their company like the type of fabrics they produce, and their customers).

What is the number of SMEs in the Nigerian textile industry? (Ask about the number of SMEs operating in Lagos State).

What are the trade policy governing the Nigerian textile industry?

What impact do these policies have on the Nigerian textile industry? (Ask how it impacts on SMEs competitiveness and productivity).

How do these policies affect business relationships or inter-organisational relationships in the industry? (impact on business relationships or inter-organisational relationships with customers and other key stakeholders in the case of SMEs fabrics manufacturers)

- Probe SMEs further on their business relationships with their customers and other stakeholders in the industry).

What are the areas of collaborative partnerships in the industry? (Ask about the collaborative outcomes and individual roles).

- If no outright answer, then rephrase question and be specific and ask in terms of:

Collaborative Planning and Programmes

Information Sharing

Knowledge and Skills Acquisition

Innovation and Technology

Other areas of shared value co-creation

- Also, probe SMEs further on collaborative areas of partnership with customers and other key stakeholders and the outcomes.

Appendix 3: Sample Transcript: Supreme Lace

Q: Can you please give a brief background of your firm?

A. Yes sure. This company was formerly known as "Austrian Nigerian Lace Manufacturers" and through a management bailout I bought the shares and the machineries of the company and we started 10 - 15 years ago as Supreme Lace Limited. Currently we have approximately 35 employees.

Q: You mentioned earlier that you started about 10 to 15 years ago and I believe you have a deep understanding of the Nigerian textile industry. On that basis, can you give me a background of the Nigerian textile industry?

A: I have been here for more than forty years. The Nigerian textile industry used to be a very vibrant industry in the past and employing between 100,000 - 200,000 people until it started facing some challenges due to bad government policies. This destroyed the industry completely.

Q: What are these "bad government policies" you mentioned?

A: One is the rate of exchange, Nigeria always tried to keep the Naira rate very high, in other words, it was cheap to buy dollars, and it was always cheaper to import goods than to buy locally. For example, during the military regimes, when Nigerians were producing bags of rice at ₦55 per bag and this was many years ago. The same bag of rice from Thailand cost ₦27, so what will happen? The result is that most farmers stopped farming and ventured into other businesses in the city. This happened to rice farmers, cotton, palm oil, groundnut and cocoa. In fact, all farming activities were basically shut down because of high rates, it was cheap to buy dollars and it was cheaper to import products.

The next very big issue is the government's policy on smuggling. They didn't do anything against the smugglers and in fact, one of our members in the association, he was the chairman of MAN and he went to Maradi in the Republic of Niger. He found that every week, there are two convoys coming from Maradi into Katsina in the night, the roads were closed, nobody was allowed to pass and hundred trailer loads of textiles, shoes, handbags, computers coming in accompany by military, customs officials, police so that nobody can touch them. It was organised to perfection, and when we informed Agency F, they told us to send them a report and pictures, which we did and nothing was done about it till date.

Q: So what actually led to smuggling in Nigeria?

A: The government tried to stop goods coming into the country. The textile industry made a lot of noise to this effect and the government place high rate of duty on textile products. As a result, it was cheaper to smuggle in textiles and the relevant authorities such as the F, V and other agencies on the road could not stop the convoy of these smugglers as they are being bribed.

Q: When did the issue of Smuggling begin in the Nigerian textile Industry?

A: I think principally it started in 1994. As at late 80's till early 90's, it was a bit okay, but between 1994 - 1997 some of the major/big textiles shut down like Speco Mill, UNTL Kaduna and NITEL. We also closed down that period.

Q: You also closed and re-opened again?

A: Yes in 1995. I went to Paris and I wanted to sell the machinery. Most firms had to sell their machineries and relocated to countries like Indian and Pakistan to produce their goods and ship it down to Nigeria through smuggled routes. It's a very bad thing for the country you know, they are losing the jobs and the goods are still coming in. These are the result of bad government policies. During the military regime, there were lots of inconsistent policies and lack of measurable policies. There was also what we call the "factor of cabal" whereby those at the helms of affairs perfected smuggling. This made companies like Speco Mill and UNTL Kaduna uncompetitive that they had to shut down production. These companies were unable to import raw materials as expected. I remember at that time Speco Mill was having one of the biggest factories in South West but suddenly they closed down and other companies such as MTL, UNTL Kaduna, ENPEE and Five Star all shut down production in the same year. These are all big firms; they are not ordinary textile firms, they are industries on their own and they produce different types of products. For instance, Five Star produced Ankara, Lace and T-Shirts. ENPEE produced similar products. In between 1990 and 1996, a large percentage of textile companies shut down. Then the later stage was in the year 2000 till date when others started shutting down production. In fact, as we speak today, the only lace manufacturing company in Nigeria today is this place. It used to be 25 factories lace makers, but currently we are the only ones left.

Q: You mean all these have to do with the policy?

A: Yes the policy, a lot of it, but there are other issues also. You know, since 2005 we have China come into Nigeria before there was no China. You know there is a phenomena with China, very efficient people, hard working, low cost of production, they suddenly flooded the whole world with cheaper textile product and it is the same thing affecting Europe. We have been experiencing this since 2005 because they started killing the remaining textile companies since 2005. Then we have high cost of production, there is no electricity, basically you have to run electricity, produce it yourself, its costing much more, it's about three times than when you get it from the public supply, it's not easy.

Q: You talked about China coming into Nigeria, how did they get into the country?
A: That is why I keep saying that most of the problem, in fact, 90 percent of the causes or failures of the Nigerian textile is due to government policy.

Q: So what policy enabled China's presence in Nigeria?
A: Yes, that was when a "China village" was opened in Lagos State, from there it escalated and as we speak now, even the wife of former President A opened a place called "China Town". The excuse was based on two agreements. Firstly, it was based on a bilateral trade agreement and later on the WTO agreement, which is the major issue. Chinese products are being sold all over the country due to these agreements. They are not only in the textile industry; they also burst into retail, which is affecting the retailers. There was a study conducted by UNIDO on the Nigerian textile industry. They found that more than 20,000 containers of textiles are being smuggled into the country. They had those figures from China, India through their export statistics. Meanwhile in Nigeria, there were no records of such importations. The head of customs could not produce a single document to that effect. A ban was later placed on imported Print Ankara textile but it did not stop these smugglers. The implementation of the WTO was based on a hidden agenda. Those at the helms of affairs want to make money from it and the only way they can make this money is through importation, especially in the textile industry because it was the second largest employer of labour in 1985.

Q: What about now?
A: No, forget. The industry is practically dead

Q: What are the other challenges facing SMEs' today in the Nigerian textile industry in terms of trade policies and how many SMEs' are currently operating in the Nigerian textile most especially in Lagos State?

A: To be honest, I do not know the exact number of SME in the textile industry, but I believe the textile house in Ikeja should know. The textile industry is finished and I doubt if the small and medium firms in this State are up to two or three.

Q: Ok. What other challenges are facing SMEs' today in the Nigerian textile industry in terms of trade policy?

A: The other challenges in terms of policies are linked to electricity, which impacts on the cost of production. As an SME, it impacts on our selling price. Also, the high cost of capital in terms of bank loan. For instance, we took a loan in 2005 and the interest rate was 17.5 percent with other additional charges. We ended up paying 22 percent. All we could do with the loan was to buy few materials. The loan is a bank policy regulated by the CBN.

Q: Does the bank policy have a name?

A: Yes, it's a monetary policy. Instead of the monetary policy to affect the industry positively, it's affecting the industry negatively and investment has an inverse relationship with interest rate. That is, investment always has a negative relationship with interest rate. For instance, if am taking a loan of 17 percent for a short time whereby the rate is above the margin of interest, including other additional charges which ends up as 22 percent and the worse part of it is that the period of processing the loan is not even helping. The process eventually endangers the loan and by the time you get the loan, the price of what you planned to use the loan for might have changed and bearing in mind that the Naira is not stable. That is why I am saying that everything facing the industry today boils down to government policy because when you talk about "policy" there are two, we have fiscal policy and monetary policy. Fiscal policy is the aspect of the government like banning or unbanning, while the monetary policy has to do with the rules and the interest rates of the banks and it's been regulated by the CBN.

The government woke up one day and said they want to rescue the textile industry by giving loans, subsidy loans at 6 percent rate but we weren't given according to our preference. They only gave us loan to buy few raw materials from China, which are not manufactured in Nigeria. We were later made to sign agreements with the supplying companies in China, monitored by the loan deposit money banks. We waited for about 6 months for the loans to be approved. Our workers were out in the factory but no raw materials for production and we kept paying them salaries every month. Then in the 6th month when they finally approved the loan, it was too late because the cost of the raw material had increased by $50,000 due to the devaluation of the Naira. Also, the cost of cotton increased because there is a market for cotton outside the country, so we had to pay $50,000 more because of the bank slowing down the loan approval process for 6 months.

Q: So what action did your company and other SMEs' who experienced similar issue take to address these challenges with the banks and is there an umbrella body made up of key stakeholders in the industry who are in the position to handle issues such as this?
A: Yes, we do have an umbrella body meant for issues like this in the form of trade unions but their powers are limited. They can only negotiate and discuss, but the problem has to do with those at the helm of affairs. Let me give you an example, I remember there was a meeting between the textile unions and the Minister for Trade and Commerce about finding a lasting solution in the Nigerian textile industry. This same Minister went on a WTO tour to South Africa and Togo and he was shocked on arrival in Togo. He found out that majority operators (in terms of quality control) are Nigerians. On arriving at some of their factories, he discovered that most of their fabrics are being shipped to Nigeria. This act motivated a meeting initiated by the Minister on his return to Nigeria. The Minister was present at the meeting, but was unwilling to take any action. That is why I said there is a limit to what we can do with the government because when you talk about "government policy" there is definitely a limit. In terms of your influence in the industry, it has to do with the leadership. In fact, in terms of smuggling into the country, we are completely helpless in the country. As we speak now, nothing is being done about Smuggling in the country.

When the former President KA's daughter was attacked by armed robbers they took her car, he got angry and closed the border to the Republic of Benin because of that single incident, goods were no longer smuggled into Nigeria until officials came from Benin and apologised to him. He forgave them on the condition that they produce the armed robbers, which they did because the criminal was a notorious armed robber at that time known as "W". He was eventually arrested in Togo and brought to Nigeria. The borders were later reopened. That is why I keep indirectly referring to "corruption" at the helm of affairs. In terms of policy, these leaders do not care about the Nigerian textile industry. They only take action when their personal interest is at stake and that is when they can stop the smuggling.

Q: So you mean it is all about connection and corruption in the Nigerian textile industry?

A: Yes, most definitely. Government officials and their families are the ones violating the policies in the country. I don't know how true this story I am about to tell you is but I heard recently that there is a very wealthy man in the Northern part of the country and he is the one sponsoring smuggling from the North. I was told the moment President X was sworn in, the wealthy man arranged a meeting with the president because they are from the same village. The aim of the meeting was to appeal to President X to turn a blind eye to his smuggling activities. I was informed that President X did not give the man audience rather he told him to go sell all his smuggled goods before his full assumption in office. I remember sometime ago that our unionist stakeholders made a complaint to the Kaduna Governor J on the issue of smuggling and BoI loan. They talked about how they have been trying to access BoI loan in the industry since 2002 till date but to no avail. They wanted to know if there are structures in place to ensure the policy works, is it a paper policy or something else and the efficiency of the policy. In fact the unionist submitted a proposal to the governor to be forwarded to Mr President using the Kaduna textile industry as a case study which had over 2500 workers in 1989 but later shut down. The governor was even taken to the closed factory where he was made to understand that smuggling and inability to access BoI loan led to the closure of the company and many others.

Q: Which of the bailout funds, is it President A's or B's bailout fund?

A: It was under President A and not C. President C had it on paper, but never implemented it. He promised a second bailout because the first was implemented by President A and was executed by President B. Sometime ago, trade union officials took the Minister for Trade and Commerce on a tour of textile factories and the Minister asked them to name and take him round to see textile firms who benefitted from the C bailout fund. It was discovered that the funds were given to people who are not even in the textile industry. These people accessed the bailout fund by using forged names claiming that they operate in the textile industry.

Q: Does that mean the relevant authorities do not conduct a background check on textile firms registered in the country before disbursing money to them?

A: You should know Nigerians and their ways. They are friends with these fraudulent people and they will use and share the money together. The policy is on paper, but never implemented. There is no structure to endure that the policy works.

Q: What impact do the challenges arising from the textile industry have on Nigeria's economy?

A: The contribution of the industry in terms of GDP has dropped drastically; our returns and profit are going down because things are so hard.

Q: So in terms of sales, what is your current annual revenue or asset and how has it affected your business with all the challenges in the industry when compared to the past?

A: Well, our total asset in the past, excluding land and working capital were approximately ₦500,000,000 and that was before our challenges in the industry but currently, we are down to ₦50,000,000. We have experienced a huge drop.

Q: What are the areas of collaboration in the industry and are there any forms of collaboration with key stakeholders in the industry such as Government organisations, Universities, Trade Unions, Customers etc.

A: There was collaboration where the former Minister for Trade and Commerce Aganga did something very clever by inviting Mckinsey who did a study on Nigeria. Have you seen the study?

Q: Yes, I have.

A: Mckinsey selected some key industries from their study, which they wanted to promote to become Africa's first and second biggest producers in the world. I do not know if they succeeded with the cement industry but rice farming is doing a lot better than textiles. They had some meetings with stakeholders in the textile industry to see what they can do to revive the industry but it was unsuccessful. They only extended the tenure of loan repayment and reduced the interest rate from 6 percent to 4 percent, but they fail to realise that the most important thing killing the industry is smuggling and it's hurting everybody. Then we have the high cost of manufacturing in Nigeria. One of the reasons is electricity; we have not seen much progress in that area. The power industry was in so much mess when A implemented policies that were unfavourable. They started to build a gas fired power station, they planned to build power stations but they did not build the gas pipeline to the powered stations. The factory was standing there to build gas to the electricity, but there was no gas coming out. I mean when you look at things like that you can see that its not right to do such.

Q: Nigeria always had the issue of electricity, so what is so different about this?

A: Nothing has ever been done about electricity in this country. All past and present presidents and even aspiring presidents like; President Q never did anything regarding the issue of electricity in the country. There is coal in Enugu and we have water from Kainji Dam. We can produce electricity without raw materials because it's all coming from heaven free of charge, but it's just the power stations and the dams that cost more. The ones in Kainji are abundant.

Q: How do you source for raw materials?

A: They are all coming from abroad. The fabrics that we use are very light fabrics and no one has the ability of producing such fabric in Nigeria. Nobody can make it in the country even China cannot make this, it's coming from Indian and this is the yarn we are using at the moment.

Q: So how do you cope with taxes that come with the importation of raw materials?

A: Well, when you are not making profits, you are not paying taxes.

Q: So when you are not making profits, the government doesn't tax you?

A: No, we have to pay VAT. VAT is 5 percent and if they had removed it from the textile industry that would have been a real incentive for us you know but they have refused.

Q: So how often do you purchase new equipments and how much does it cost to maintain them?

A: We have not been buying new equipments for a long time because the machinery is very durable and it lasts up to 100years and we maintain them ourselves. We had a programme financed by the European Union where they sent some expatriates to come train and service our machines for three years.

Q: So does the cost of production influence the price and quality of your product?

A: Cost of production influences the price and not the quality. In China, companies have 24 hours electricity so they can get loans from the banks between 2 – 3 percent. Also, they have numerous supporting industries like lace makers. We don't have such here in Nigeria, we cannot have a dye house because it's only big textile factories that can have such. Hence, all the lace makers are located in Austria, Switzerland and to some extent China. These countries are giving all makers grieve in dyeing and finishing because we cannot compete.

Q: So you are just managing?

A: Yes, somehow.

Q: Going back to the subject of "collaboration" apart from the government and trade unions you mentioned earlier in terms of collaboration. Can you briefly discuss the business relationship between your firm and your main customers?

A: Basically, they are two markets. The first focuses on high class products in Lagos and Abuja. Then there are the ones buying cheap Chinese products that are made of lower quality such as polyester and cotton fabrics. We have wholesaler who come here to book for goods and we produce fabrics and designs for them. We have a good relationship with them. We also make asoebi for weddings or a party.

Q: So do they actually get involved in the decision making process and how engaged are they in your business activities?

A: Well, they bring us ideas, colours and sometimes they bring design and ask us if we can make it and we change it a little bit so that it doesn't violate any property right so and then we make it and there is a very close relationship and of course, there is also a free flow of information.

Q: Are they involved in the production process? For example, is there a situation when you are trying to produce a particular lace and you ask them for ideas and what they think or what they look forward to in the next design you are trying to do?

A: Yes, all the time because it's a continuous process throughout the year because we are very close to the market, it's not like European making laces and carrying to Nigeria, the link is here and I go almost every week to the market myself.

Q: So how do you and your customers benefit from this collaboration?

A: We all benefit because they are giving us their ideas and we are trying to do what they wish so it is beneficial to the both of us. They are getting their ideas at the current prices and they are getting their specifications in all colours because colours are very important. For example, out of 15 customers, 2 are so interested in colours so we listen to them very carefully when they talk about colours when they say navy blue or green is moving now; we also show it to the other customers and they also buy and that is how it goes.

Q: So they gain by getting good quality and your own gain is the satisfaction you derive in meeting their needs?

A: Yes.

Q: What extent do you go to satisfy the needs, wants and aspirations of your customers out there and who are your main customers?

A: We go the extra mile for our customers. When they request for a particular piece, it could take up to 4 weeks to get, we ensure that the fabric is made available to the customer in 3 weeks. They inform us about all the happenings in the market and we work on ideas they give to us by creating good designs that meets their expectations.

Q. Ok. So who are your main customers?

A: Basically distributors are our main customers and they also have people that come to them to purchase asoebi. We have government officials, government civil servants and they come, but basically is for parties, weddings and birthday parties but basically our main customers are the distributors.

Q: How do you attract your customers?

A: To attract them you must first have a good product and then you approach them in the market by showing them your designs. Then we have other marketing strategies. We tried to make a brand name, we put “Made in Nigeria” and then the customers’ tear away the nylon and remove the label from it and then they take it out of the factory and then sell it as Swiss made.

Q: So what is being done about that because it is a violation of intellectual property?

A: Nothing, it was the Government who forced us to put “Made in Nigeria” and nothing is being done by the government or the relevant authorities to help us. They realised that using “Made in Nigeria” logo on our fabrics is not useful and they realised that we cannot continue with the brand name again. These customers will remove the Nigerian brand name because they will rather sell it as “Swiss Imported” otherwise people will not buy it. This is the attitude of Nigerians; they believe that everything made from abroad is of better quality than those locally manufactured here in Nigeria.

Q: Is there a programme in place aimed at changing Nigerians perception and mentality towards "Made in Nigeria" fabrics in terms of quality?

A: The customers' know the difference between the two, but is difficult to for most of them to buy original fabrics. For example, you have a salary of ₦2,500 and you have to buy clothes for your children during Christian or Muslim festival, school and everyday wear. The clothes from China cost ₦4000 and those Made in Nigeria cost ₦15,000. Due to their limited amount of funds, they purchase fabrics from China, which cost ₦4,000 and after one or two washes the material fades like a sack and that money is wasted. We have the middle class Nigerians who go to places like shoprite and other places to buy fabrics and they are willing to pay a little higher price so long the product quality is good.

Q: Has your company always been small?

A: No, we had almost 300 workers before and we were running 47 machines before, but currently, we operate around 12 machines.

Q: So how do you cope with local and foreign competition?

A: We are trying to survive. When the product is good, the price doesn't matter so much. There are certain things we cannot compete with, we cannot compete with China because it is not even possible. We try to make some lace fabrics like the one I showed you because China cannot make it and that's our only hope.

Q: In view of all the challenges facing the Nigerian textile industry, what is the way forward, especially for SMEs' like your company who are the drivers of economic growth?

A: Firstly, smuggling has to be stopped. Nigeria cannot stop the WTO agreement that we already know. Secondly, the Government has to do something about the devaluation of the Naira because that will be beneficial to local manufacturers in Nigeria. For example, we import fabrics and yarn at 30 percent of our savings, so if they devalue the Naira, 30 percent of our costs will increase by devaluation. While goods coming from China will increase by 100 percent because they will pay more for the dollars to get their money back. The Government does not want to devalue the Naira because they want to go abroad to purchase things. Nigeria use to teach Malaysia how to produce palm oil and they send thousands loads of seedling to Malaysia but presently, Malaysia and Indonesia are producing 50 million tonnes of palm oil every year and now Nigeria is importing almost a million tons. Why are we not producing, why not? When it is cheaper to bring it in from Malaysia why not, but when you devalue it will be different. Last year we bought the dollar for ₦160, last week it was ₦245. People cannot cheat the dollar; we have to pay ₦245 to a dollar. They can only cheat on the borders, Nigeria will progress if they can keep the Naira through devaluation. This will help farmers and the textile industry.

Q: So what is the way forward for the Nigerian textile industry?
A: The government should stop smuggling; keep on devaluing the Naira and implement trade policies the right way. Then there will be hope for the industry.

Q: If given the opportunity, are you willing to go into collaborative partnership with key stakeholders aimed at reviving the Nigerian textile industry?
A: No, not after the challenges I have faced in the past 40 years. I can do that in agriculture like palm oil and sugar, but definitely not textiles.

Q: What if the government decides to work collaboratively with key stakeholders in the Nigerian textile industry and it starts booming again with the right policies in place, will you consider?
A: No. That means if they do the right thing, then the business will increase and move well again, but first we have to pay back what we owe, then we buy our dye house, dyeing machine and then we will expand. We still have machines at our former factory so we can reactivate things. On a second thought, maybe yes.

Q: So those challenges you faced over the past 40years all has to do with the issue of smuggling?
A: Yes, and the high cost of production.

Q: Finally, does your firm currently have a future growth strategy?
A: We thrive to survive because as it is now we are not even making profit, in fact; our operation now is to survive because the cost we are incurring now is even more than break-even so you can imagine what we are going through. If you go to the factory now, for the past 3 - 4 weeks we have not been operating. So, we are still fighting to exist and when a company is still fighting to exist before you can think of futuristic agenda, is when you can break-even and even when you not break-even, you should be in a place where your cost is at least equal to your revenue. That

is, your marginal cost is equal to your marginal revenue, then you can sit down and plan, but for now we are trying to survive and if things can improve then we can increase production and that will be very easy. We have a good product and that is there, but the challenges we are facing is not our making and part of the textile industry is also the quality of the product but what comes in from China is also worse and cheap here.

Q: Ok. Thanks so much for your time, I truly appreciate.

Appendix 4: Sample Transcript: Wollen &Synthetic

Q: Can you give me a brief background of the company?

A: Wollen &Synthetic Textile Manufacturing Company started as early as 1968. Originally, the company was owned by the Japanese then they were manufacturing as Curantex Textiles but with the passage of time the Japanese left and the current chairman, Chief Jan Rye who is a nationalised Indian- Nigerian took over the company as Wollen & Synthetic. The company manufactures a wide range of products such as; suiting material, which was the initial product of the company, the company also manufactures shirting materials, foam covers for mattress making, towels, bed sheets, window blinds and military and paramilitary uniforms. The aim of the company is to be the most popular textile company that manufactures quality products for their clients and one of the best manufacturers of textile materials in the country.

Q: How many employees do you have?

A: We are a medium firm, the company currently has about 250 staffs, but in the past when the industry was booming, the company had approximately 1000 staffs, but as a matter of policy, for some time now the company has not been retrenching staff notwithstanding the poor business environment because part of the chairman's mission is to ensure that people retain their jobs as much as possible not withstanding whether the company makes profits or not.

Q: So in terms of sales, what is your current annual revenue or asset and how has it affected your business with all the challenges in the industry when compared to the past?

A: On a monthly basis, we had an asset worth ₦170,000,000 in the past, but presently, it's as low as ₦70,000 per month as against ₦170,000,000 and the reason for the decline is due to low business, poor sales and the general economic situation of the country and the low patronage. The low patronage experienced by the company is due to the influx of smuggled textile materials. Until this year, the importation of textiles was banned in this country, particularly finished printed products, but despite the ban, 85 - 90 percent of goods smuggled into the Nigerian market are made outside Nigeria particularly in China.

Q: So what is the reason for that decline?

A: Low business, poor sales, the general economic situation of the country and low patronage.

Q: What could be the reason for this low patronage, what is the main cause?

A: The ban on textile products was lifted in Nigeria as a result of a recent policy which is the ECOWAS treaty which came into effect April this year. The reason the government gave for unbanning textiles was that in spite of the ban, these textiles were coming into the country and the government was losing revenue, so they thought that maybe if the ban is lifted and these goods continue to come in, the government will be able to derive revenue from import licence, also the ECOWAS Common External Tariff (CET). These were the two main reasons given for unbanning textiles.

Q: You talked about government revenue, how much revenue is the government making from the textile industry?

A: I would not know that because the statistics has not been published because it came into effect in April this year so they are yet to publish the figures.

Q: Okay, this is a very interesting industry. Can you briefly give me a background of the Nigerian textile industry?

A: The Nigerian textile industry started in the 60s, mostly in the North, the Kaduna textile mills and the industry grew in leaps and bounds up to 1998 when they were employing a lot and it was said to be the largest employer of labour, but from 1998 during the period Nigeria went into a partnership with the WTO on free trade, that was when smuggling started coming so that was the beginning of the problem in the textile industry and it was during E's regime. Then Nigeria started having the influx of textiles from the borders and it affected seriously the local manufacturers because they were coming in very cheap from China and there was no way the local manufacturers could compete with these foreign textiles because of enormous problems an average manufacturer has in this country for example, one of the greatest problem manufacturers face is power, there is no electricity and every employer had to generate its own light, make bore holes to generate water. We have bad roads so when the infrastructural cost is added to the cost of production, definitely there is no way the company can compete in terms of price with these external materials.

The WTO policy also led to the influx in the country because it encouraged the influx of textiles into the country and people took advantage of it and brought in all types of products. Nigeria signed the agreement too early, normally every country that wants to industrialise protects its infant industries, as mentioned earlier the country lacks the infrastructures, the manufacturing business environment was not conducive because of these infrastructural deficiencies most particularly electricity because countries like China have better infrastructural facilities, cheaper labour and other government incentives which are lacking in Nigeria. In the past, when the industry was booming the light situation wasn't as bad as it is now because first of all relative to the demand, the supply was fairly good but today, people are utilising energy for so many reasons. The supply of energy compared to the demand for it is very low, the electricity and infrastructure itself started going down most of the generating plants are not functioning and the gradual decay came in. The policies as of today have not been favourable to the industry, particularly with the lifting of the ban and the government also in implementing these policies have not been consistent in fact, not only in the implementation but also in the policies as government change, as ministers change, as bureaucrats change, they change policies and these policies before they start implementing them, a new government or administration takes over and the policy to be implemented by the outgoing or past administration is totally forgotten. So these inconsistencies are seriously affecting the industries.

In the past, the ban on textiles was effectively checked, Agency F was effective in ensuring that unwanted goods do not come in, with time these things got relaxed and people could bring in whatever they liked and they got away with it and when complaints are made to the Agency F, they reply by saying that they are handicapped and they cannot do anything based on orders from the headquarters. There was an interactive session the industry had some time ago with the then Deputy Senate President where the Minister for Industries was present and Agency F really confessed that sometimes when they catch these smugglers of goods or impound their trailers, an authority in government will give them instructions to "do something about it". Meaning, release the goods and vehicle or/and failure to do as they are told could see them being transferred to a remote village where they have never seen light and that is if they are lucky to retain their job. So some powerful people are behind the smuggling of these goods.

Q: So what are the other challenges of the industry?

A: The industry is also faced with other challenges such as the issue of multiple taxation, the federal government tax, the state government tax, the local government tax and other various taxes and all these are impacting on the resources of the companies and also the issue of black oil which is used in firing some of the machines, these things were available in the past when the refineries were working but with the going down of the refineries they became very scarce.

There was a time our company was buying diesel to power our diesel generators, it was being bought over ₦150 per litre and the company was using about 33,000 litres every week, so when multiplying this in a month, one can find out that the cost of gasoline alone is so enormous and its impact on the unit cost of every product is quite high and these are some of the problems. Some government policies are also not too friendly like the inspections such as the National Environmental Standards and Regulations Enforcement Agency (NESRA) who are doing the same job that the Lagos State Environmental Protection Agency (LASEPA). These officials come for inspections and expect companies to pay them levies for example, LASEPA will expect firms to drop their Environmental Audit Report (EAR) and when we submit it to them, they charge a fee. NESRA expects the same report and it must be submitted to them and a fee is charged again, all these are payments made from the company's pocket.

NESRA recently sent a demand to our company. The letter stated that to review the company's EAR they are going to charge us ₦250,000 for EAR, LASEPA charges between ₦100,000 - ₦200,000 depending on other parameters on which they are established and this never existed in the past. For example, NESRA is a new creation; it wasn't there in the past it just came in now recently. The percentage of tax paid to the Federal, State and Local Governments cannot really be defined in terms of percentage, but for the Federal, the company pays VAT on every product sold, company tax is also paid and for the State Government at normal rates, staff taxes are paid and a number of other taxes that are really much, but at the end of day the company also pays land use tax to the State (the land use tax is about 3.25 percent of the assessed value of your property so in some companies it runs up to ₦2,000,000 and in our company, we pay about ₦600,000) and all these were not there before. The same applies to the Local government and they come with ridiculous bills like radio license, car park and others.

Q: So how do all these policies related issues affect your business relationships?
A: For example, these cost impacts so much on our company's production costs because the production cost is high, naturally the cost is passed to the customer and if they don't like this hike in prices most of the time, there is nothing the company can do and they grudge if they must buy but then like any natural human being, they still prefer to buy cheaper products in the markets.

Q: So is there any policy currently in place to help reduce smuggling and are there any ongoing collaborations between key stakeholders in the industry to address these issues and who are the stakeholders in the Nigerian textile industry?

A: Currently, the government is planning to introduce a policy on higher tax rate for some of these textiles coming into the country. There are hopes that the taxes will be a disincentive for importers and even if they import their goods, the cost will relatively be apart from what the industry pays to produce but there are other constraints faced by the industry besides the issue of infrastructure. As mentioned earlier the problem of finances, banks don't readily and easily give loans to textile companies because they consider them as liabilities and the interest rate is quite high between 21 - 23 percent if a company must take a loan, the tenure of loan depends on what the company want like last three years the Federal government came up with the Bank of Industry (BoI) loan which they gave to textile companies, the interest rates of these loans ranged from 6 - 9 percent but they told companies that it is 6 percent but by the time all other charges are added, it is discovered that it adds up to between 9 - 10 percent interest rate. The BoI loan was meant to assist companies to bring in machineries and some companies took advantage of it.

We the SMEs' are constantly in touch with government officials, ministries and other government parastatals. Also the textile industry has an umbrella body in the country, the Nigerian Textiles Manufacturers Association, were regular meeting are held to make the positions of the industry known to the government on issues that will help boost the textile industry. The industry is also indirectly connected to the chambers of commerce and industry, but it works more through the Manufacturers Association of Nigeria (MAN). The crisis in the industry has a large impact on the economy, first of all the GDP is reducing because there is no input from the textile industry and again, unemployment is a major factor because when people are engaged, they pay taxes and they all go to government's finances but when they are out of work, they cannot contribute. The impact of the decline in the textile industry is quite heavy, these imports and smuggled goods are bought with foreign exchange and it affects our currency.

Q: What is the current contribution of the Nigerian textile industry to the country's GDP?

A: I don't have the exact figures, but whatever we were contributing in the textile industry must have gone down by more than 60 percent because the numbers of textile companies have also gone down. In Lagos presently there are only four textile companies; Wollen&Synthetic textiles, ITI which is neither here nor there because they are not really active, Sunflag (Ijora is part of Sunflag) and then Nichemtex. Lagos used to be the home of SMEs' in the textile industry, but most of them are no more and in Isolo alone, they were about 6 - 7 textile companies alone, the industry also had big firms like; Afprint, Damala, Five Star, Aswani, President Industries, Nigerian Textiles Mills, Speco mill and they are all dead now. In fact electricity is a major factor in the killing of textiles, not just textiles but most manufacturing outfits because the cost of generating your own power is quite enormous and people who own these textile companies are mostly businessmen and like every other businessman, the bottom line is profit, once they find out that the profit margin has declined the natural tendency for a businessman is to take his capital to where he thinks he can make profit.

Q: So, is there an ongoing collaboration between stakeholders aimed at restoring the Nigerian textile industry?

A: No, none that I know of. Finding a solution to the crisis in the industry can be approached from two angles; the industry itself and then the government because the government has to provide an enabling environment for manufacturing to progress, although the Federal Government is not taking a firm policy on the issue but from what the President said, it appears that he has an interest in ensuring that textile companies are revived. The C's administration had a policy, which was structured by the Former Minister for Industries and some of the policy statements included making sure that citizen of the country buy Nigerian made clothes and that favourable conditions were created for these industries to continue. Also, the BoI loan was there, but these policies have not been really effective in the sense that the smugglers seem to be ahead of whatever government policies are made. For example, our company's product goes by the brand name "G", so when the government said everyone must buy Nigerian made materials, these smugglers went abroad printed these materials and copied the company's logo and name, which was boldly written on top as "Made in Nigeria" and then imported them into the country. This made it very difficult to distinguish between the original products the fake products. The only thing that has helped the company is the product quality and this has helped in customer retention. The customers actually drew our attention to fact that our products were being counterfeited in the market and in cities like Onitsha and Ibadan. The issue was reported to Standard Organisation although they can't start going into the market to raid everybody but they tried to assist. They eventually told us that their duty is to ensure that these products meet up to standards and most of these products do not actually meet the standard. The issue was reported to Agency T and nothing was done about it.

Q: So how do your customers differentiate the original from the fake fabric?

A: The quality of our products differentiates it from the counterfeited. Also, the label ink may be darker or lighter and the smugglers may not get it perfectly and there is also a signature and date of who packed the fabrics and the date it was packed, so most of the counterfeited fabrics lacks that information and that is where the main customers in the market comes in because they assist in educating the end users on the differences between the fake and original because the standard of living has a major role to play as it influences their purchasing power. For example, someone who earns ₦10,000 as salary monthly with four children to feed, school uniforms to buy for the kids and a rent of ₦5,000 to pay monthly, would prefer to buy the cheap fabrics from China that cost ₦2,500 than the locally manufactured fabric which cost more about ₦7,000. When our company wants to set standards in production quality, we involve staffs from educational institutions such as the Yaba College of Technology and SON, so they come together including the manufacturers and agree on the standards but outside. The reason for involving Yaba Tech is because it is one of the earliest institutions that have textile departments so normally, for example for towels or for suiting or any other materials, SON determines the required standard, so these institutions come in and join SON and manufacturers to deliberate on the standard for a particular product. Our company uses two major raw materials, yarn and dye and other chemicals. The yarns are bought mostly in the country, but there are other yarns which are not manufactured here so we import them. The dye and chemicals are bought locally but they are not manufactured locally.

We recently acquired new machines from the BoI loan, we received because our machinery in the industry is outdated. Appeals have been made to the government to make the importation of these machineries free because the duties may range from 5 - 20 percent, aside the BoI loan the Chairman of our company has been supporting with funds from his other businesses. We have foam manufacturers as customers, aside that we have other customers who are into the sales of fabrics in the market. In the past, foam materials constituted over 70 percent of the company’s sales volume, but with this smuggling and counterfeiting it reduced down drastically. We make customised uniforms for schools and hotels as well as towels and other fabrics for sales.

Q: So, going back to the subject of "collaboration" Can you briefly discuss the business relationship between your firm and your main customers?

A: At the end of every year a customer's forum is organised where they are invited for dinner and an interactive session follows and prizes are also given to customers who have done well for the year. They say the "customer is always king" hence the company produces to their own specification and the company goes to a very large extent to satisfy them, most time they come with designs and the company works together with them in creating their desired product. The company's benefit from the relationship with the customer is the profit gained from sales; also these customers market the brand name in the market thereby making it popular. Wollen&Synthetic is not really into advertising because earlier when the industry was booming the firm was unable to satisfying the demands of the customers because there was no need and people were already buying and the demand was too much and the firm couldn't meet up with the quantity demanded. For example, a customer request for 10,000 litres but was supplied 3,000 litres instead, so there was no need advertising then. Although it wasn't a very good strategy, it was a short-term thing because in the long run it was not a good strategy so that is why the firm is not embarking much on adverts but now it is a buyers' market but then it was a suppliers market.

The production volume then was not enough to satisfy the customers at that time because the demand was there. So we did not have that pedigree of advertising, but now they have gone out to advertise the products in order to show customers the difference between what is being produced locally and what they can get from the Chinese market. We also have some social obligations every year where the Chairman of our company brings in eye experts from India, and they give free eye treatment to anybody who has an eye problem in the country and it is being advertised. Every customer is valuable to the company, but we still search for new customers, though it is believed that "old friends are better than new to a large extent" because retaining older customers for long helps in advertising the company and their brand and they attract new customers. Hence, the company tries to establish good relationship with their customers and make their satisfaction the ultimate goal of the company.

Q: What is the way forward in restoring the Nigerian textile industry?

A: The only way the industry can be revived depends solely on the government. First of all there has to be consistencies in government policies and they should be implemented and not neglected by different administrations, like the last policy made by Agangu he was stressing on the importance of buying “Made in Nigeria” products particularly government parastatals. If the Nigerian Army alone can buy 30 percent of their uniforms from local manufacturers, 50 percent of the dead and near extinct companies today will be alive. Also, infrastructure (especially electricity) is critical and if it can be stabilised it will go a long way. Like textile firms who are manufacturing clothes, for every time there is a break in electricity, meters of clothes are lost. Assuming there is a printing job going on and suddenly the light goes off before that printing job is started again; lots of clothing meters would have been lost. Finally, the government should liberalise loans for textiles the banks should relax their policies by making it less stringent for companies to access loans. The government can also help by providing some tax reliefs just like what they did for the cement industry by exempting them from tax payment for some years and that will help the textile industry.

Q: Okay, that concludes the interview. Thank you so much for your time.